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## **The State, Entrepreneur, and Labour in the Establishment of the Iranian Copper Mining Industry: The Sarcheshmeh Copper Mine 1966-1979**

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**The State, Entrepreneur, and Labour  
in the Establishment of the Iranian Copper Mining Industry**

**The Sarcheshmeh Copper Mine (1966-1979)**

**Proefschrift**

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geboren te Kerman  
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*To my brother, Rasool*

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### Introduction

The High Economic Council of Iran held a critical meeting in late 1971 to discuss a newly discovered copper ore deposit in Kerman province, Sarcheshmeh Copper Mine, which was identified as the second largest copper ore body in the world at the time. The head of Council, Mohammad Reza Shah Pahlavi, the king of Iran, ultimately declared:

“Considering the Sarcheshmeh Copper Mine is noteworthy and since negotiations with four or five foreign corporations did not reach a conclusion, then instead of a foreign company gaining its [the mine] profit, we ourselves will exploit it. It was necessary to find a foreign investor due to the extensive initial investment required and because of our lack of knowledge of the mining industry. So, no investor stepped in. Bring together the experts and get to work.”<sup>1</sup>

This was a decisive moment in the history of an immensely rich copper deposit which had received attention from copper industries worldwide when news of its exploration was announced in the late 1960s and early 1970s. As a result, the new mine, which was in the hands of Iranian mining entrepreneurs, was transferred to the state and Sarcheshmeh Copper Mine was nationalised.

Prior to nationalisation of the mine, Iranian mining entrepreneurs, the Rezai brothers, explored the copper ore reserve in 1966. A year later,

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<sup>1</sup> High Economic Council report, 1971.

## Chapter One

in partnership with a British mining company, Selection Trust, they established a new company to proceed with the exploration. However, the project was beyond their financial capability. They therefore approached several financial institutions for a loan, but made no progress and all negotiations failed. Subsequently, the Iranian state stepped in, and the mine was finally nationalised in 1972, when the state commenced the \$1.4 billion mega project of Sarcheshmeh Copper Mine.<sup>2</sup> The whole of Iran's copper industry was later nationalised on 11 July 1976.

In order to establish one of the biggest copper complexes in the world the Sarcheshmeh Copper Mine absorbed a significant workforce including skilled and non-skilled workers, experts, engineers and managers from different parts of Iran, as well as recruiting from other countries such as the US, UK, Korea, Philippines and Pakistan. The presence of this population in a remote area, practically untouched by modern institutions and technology, compelled the company to set down an industrial relations and social policy including housing, urban design, wages, education and healthcare for the employees, as well as the local inhabitants who had until then only been involved in subsistence farming and animal husbandry. However, the society were not bystanders in the process, and the social forces were actively chasing their interests in the developmental plan. They obliged the planning authority, implicitly and explicitly, to consider their demands in the policy-making in order to shape their favoured conditions for the future. Therefore, the formation of Sarcheshmeh

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2 William Branigin, "Iranian Protest Ousts US Workers," *Washington Post*, November 14, 1978, [https://www.washingtonpost.com/archive/politics/1978/11/14/iranian-protest-ousts-us-workers/0ff0b79a-51a6-4206-be93-86848dcee18b/?utm\\_term=.983353fb0574](https://www.washingtonpost.com/archive/politics/1978/11/14/iranian-protest-ousts-us-workers/0ff0b79a-51a6-4206-be93-86848dcee18b/?utm_term=.983353fb0574) ; Mehdi Zarghamee, Interviewed by Author, November 3, 2016.

Copper Mine was subject to various internal and external pressures including the government, the company, and other forces who were mindful of common interests from one side, and local society which included the local populace and company employees from the other side.

This thesis is a study of the history of the establishment of the Sarcheshmeh Copper Mine in Iran from 1966 to 1979.<sup>3</sup> This period corresponds with the development of the mine from its early days of in 1966 to the Iranian Revolution of 1979, when the mine became operational. This study focuses principally on what happened in the past, and why, employing Marc Bloch's methodology on the structure of an historical study.<sup>4</sup>

The central question of this thesis is how did key components shape the foundation of the Iranian copper industry, the Sarcheshmeh Copper Mine, from both the mining aspect and the social aspect? To that aim, it focuses on the interactions of various social forces; mainly those of the state, including technocrats, mining entrepreneurs and workers. Specifically, this study asks how did the state forces, along with the structural causes, shape the relationship between the state and mining entrepreneurs, as well as the state and workers, in the context of the evolving domestic and international environments?

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3 Iran has the ninth largest copper reserves in the world and Sarchehmshe Copper Mine is the largest copper ore deposit in Iran. See Naser Bozorgmehr, "Iran Dara-ye Haft Darsad-e Zakhayer-e Ma'dani-ye Jahan Ast" [Iran has 7 Percent of Mineral Reserve of the World], *Samt Newspaper*, Sharivar 28, 1394[September 19, 2015], 5.

Iran has considerable natural resources, mainly oil, gas, and, mineral deposits, including fourth largest proven oil reserves and the largest proven natural gas reserves according to BP Statistical Review of World Energy (Jun 2015). It also has the 15<sup>th</sup> largest mineral reserves.

4 Daniel Chirot, "The Social and Historical Landscape of Marc Bloch," in *Visions and Methods in Historical Sociology*, ed. Theda Skocpol (Cambridge: Cambridge University Press, 1995), 38.

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The importance of the Sarcheshmeh Copper Mine is not confined to the size of its deposit, which is still one of the largest in the world,<sup>5</sup> but also its reliance on the latest modern technologies and management practices over the period under consideration. The Sarcheshmeh Copper Mine played host to a large industrial labour force in the Iranian mining industry.<sup>6</sup>

A significant portion of this thesis will be on the social and economic history of modern Iran, focusing on its mining history, labour history and the historiography of industrialisation in the Pahlavi era. It also contributes to the global history of copper, based on the status of giant world copper mining companies, particularly Selection Trust and Anaconda, in the formation of the Iranian copper industry. The uniqueness of this research is that it is the first academic work on the history of mining in Iran.<sup>7</sup> However, the scarcity of studies on the Iranian mining industry, from sociological and historical perspectives, creates little space to deliver a critical argument in dialogue with relevant literature on mining. As a result, the study mostly offers

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5 There are a number of large copper ore bodies in Iran, such as Songun in West Azerbaijan province or Khatunabad in Kerman province, but the Iranian copper industry is still extensively fed by the deposits at Sarcheshmeh.

6 The first experiences of Iranian workers in large-scale copper mining occurred outside of Iran. As with the Iranian oil industry, whose labour force was initially formed in the oil fields of the Caucasus in southern Russia in late 19<sup>th</sup> and early 20<sup>th</sup> centuries, Iranians made up the majority of those working in the copper mine in Elizabepoul province in Russia. Iranians also comprised 27.5 percent of the workers in the Kedabek copper smelting plant in 1912. See Touraj Atabaki, "Disgruntled Gusts: Iranian Subaltern on the Margins of Tsarist Empire," in *The State and the Subaltern: Modernisation, the Society, and the State in Turkey and Iran*, ed. Touraj Atabaki (London: I.B. Tauris, 2007), 42; Mansur Mo'adel, *Class, Politics, and Ideology in the Iranian Revolution* (New York: Colombia University Press, 1993), 123; Belova, quoted in Charles Issawi, *The Economic History of Iran 1800-1914* (Chicago: University of Chicago Press, 1971), 51.

7 There are two books by Keramatollah Alipur and Iraj KIA, but these neither take a specific socio-economic approach nor develop arguments on any particular discourse. The books deal with the procedures put in place by official institutes in the mining sector in the Qajar and Pahlavi eras and explain mining legislation, regulations, and laws. Keramatollah Alipur, *Tarikh-e Zaminshenasi VA Ma'dan dar Iran [History of Geology and Mining in Iran]* (Tehran: Sazeman-e Zaminshenasi va Ekteshafat-e Ma'dani, 1380[2001]); Iraj Kia, *Moruri Mokhtasar be Tarikhcheh-ye Ma'aden-e Iran [A Brief Review on History of Mining in Iran]* (Tehran: Negin, 1374 [1995]).

critical engagement with a few works whose core arguments are related to the social, industrial and labour history of Iran.

### **A Review of the Historiography of Modern Iran**

Historical studies on contemporary Iran have two principal characteristics which have profoundly influenced the trend of Iranian historiography, as well as the structure of accumulated knowledge regarding Iran's recent past. The studies mostly consist of a macro-structural framework as well as a top-down view towards the social transformations.<sup>8</sup> The former's pitfall originated from the structural elimination of micro facts to determine the concepts and classify social specifications and historical changes. The existence of an intrinsic kind of reductionism in the macro approaches, based on the inevitable omissions, undermines the formation of an inclusive knowledge system.<sup>9</sup> As a result, the vision of the issue is narrowed to identify the critical historical sequences and conceptualise them into larger structures. Focusing on the details of a specific case, including the extraction of experiences, the interactions between different forces and the dominant structure proffers the key to acquiring an in-depth

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8 For instance, Homa Katouzian and Ahmad Ashraf are the two prominent scholars whose macro-structural studies have retained a vital status among the works on the history of modern Iran. The former denies the existence of social classes in Iran based on a Marxist definition, but he states that what has existed is the society. It meant that the state has never represented an upper class in Iran; therefore, political upheavals are generated from the struggle between the state and society rather than rooted in class conflict (See Homa Katouzian, *State and Society in Iran* (London: I.B Tauris, 2006)). The later scholar, Ashraf, identifies the Iranian bourgeoisie as a weak social class which has not been able to preserve its autonomy from the state or other social classes, such as clerics. As a result, the Iranian bourgeoisie found no opportunity to dictate its value system onto society. See Ahmad Ashraf, *Mavane'-e Tarikhi-ye Roshd-e Sarmayedari dar Iran* [Historical Obstacles of Development of Capitalism in Iran] (Tehran: Zamineh, 1359[1980]).

9 Kaveh Ehsani, "Tarikhnegari-ye Sarmayedari-ye San'ati dar Iran: Zarorat-e Gozar AZ Tarikhnegari-ye Ebtadaei" [The Historiography of Industrial Capitalism in Iran: Must Exceed the Primary Historiography, *Goftogu Quarterly* 41(1383) [2004]: 110.

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understanding of the larger structure and fundamental relationships present in Iranian society.<sup>10</sup>

The structural elimination existent in the macro approach also neglects the disparities across distinct social groups and economic sectors. It then negates the exclusivity of the social dynamism which is generated from interactions between different forces. For instance, the emergence of a modern work discipline in a rural community contested the cultural system, leading to a disruption of the dominant order. The way that the local community comprehends the alterations constitutes a unique experience which can be divergent among different social groups as well as among economic sectors.<sup>11</sup> In a study of industrial relations, which partly concerns this thesis, Buroway insists that attention must be given to geographical and historical variations. The national characteristics in labour relations and the structure of the state are critical components in the history of class struggles. For example, the theories which are built on the studies of developed countries, suggest an inappropriate framework to examine labour relations in developing or underdeveloped countries.<sup>12</sup>

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10 Cyrus Schayegh discusses this issue in two separate articles regarding Middle East History and Iranian History. He states that the current lack of micro-approaches in the historical analysis should be attended too. See Cyrus Schayegh, "Seeing like a State: An Essay on The Historiography of Modern Iran," *International Journal of Middle East Studies* 42, no. 1 (February 2010): 37-61; Cyrus Schayegh, "Small is Beautiful," *International Journal of Middle East Studies* 46, no. 2 (May 2014): 373-375.

11 Zachary Lockman insists on the importance of the variations that existed among different societies, and even among different enterprises within the same society. See Zachary Lockman, *Workers and Working Class in the Middle East* (Albany: State University of New York Press, 1994), xxvi.

12 Michael Buroway, "The Anthropology of Industrial Work," *The Annual Review of Anthropology* 8 (October 1979): 231-266. In another critical study on the Zambian copper belt, Ferguson insists on the uniqueness of the experience. He outlines, at the time of economic fall in the Zambian copper belt, that not all miners had taken a straightforwardly modernist path, and there were differences in experience that could be divided into two groups—localist and traditional, and cosmopolitan. These two separate ways of living existed in parallel and were not exclusive to particular classes, levels of wealth, levels of education, or ethnicities. See James Ferguson, *Expectation of Modernity: Myth and Meaning on the Zambian Copper Belt* (California: University of California Press, 1999).

The second specification is that the historiography of modern Iran has mainly focused on social changes based on a state-centric and top-down approach, which principally omitted the critical role that other social forces have played in social dynamism. In other words, it sheds light on the social transformations via the lens of rulers; that is macropolitical history, which is mostly concerned with foreign relations and military, diplomatic and religious issues.<sup>13</sup> The focus on ordinary people as the active agents of socio-political transformations is the most recent and least developed in the historiography of modern Iran.<sup>14</sup>

There are also two further specific elements which have affected historical studies with regard to Iranian workers and the state. First is the significance of the oil industry in Iran, which has drawn the attention of scholars, but in so doing has led to other sectors being overlooked. It has left a picture of Iranian workers, and their relationship with their employer and the state, closely tied to the experience of workers in only one particular sector.<sup>15</sup> Second, although Donald Quataret states that Iran has been an exception in the Middle East, with its considerable scholarly involvement with its

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13 Touraj Atabaki, Marcel van den Linden, "Twenty Century Iran: History from Below-Introduction," *International Review of Social History* 48, no. 3 (December 2003): 354-355.

14 Ibid. 354-355.

15 Dipesh Chakrabarty used 'subaltern pasts' to express pasts which have been omitted, though not intentionally, by the major narratives of dominant institutions. Subaltern pasts are not merely limited to a minority past but can also be associated with a majority past. In the context of this work, we see that the oil industry has received much more attention in historical research than the other industrial sectors. See Dipesh Chakrabarty, *Provincializing Europe: Postcolonial Thought and Historical Difference* (Princeton: Princeton University Press, 2008), 101. A famous Iranian novelist, Belqeys Soleymani, has also observed the issue in Persian novels. She states that the Iranian proletarian literature is mostly influenced by the living and working conditions of the workers in Iran's oil industry. See Belqeys Soleymani, "Dost Daram Qeseh-ye Ma'aden ra Benevisam [I like to Write the Story of The Mines], Interviewed by Yaser Sistaninejad," *Asr-e Mes*, no. 66, Esfand 93[February 2014], 179.

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labour history,<sup>16</sup> it must be noted that the scholarship has been mostly devoted to the political role of labour and its relationship to the organisations and unions. According to Assef Bayat, “The history of the working class in Iran consists of accounts from trade unions, with a particular focus on the period between 1941-1953, rather than a history of labouring men and women, their work, community, culture, and politics.”<sup>17</sup>

The historical study of the working class in the framework of labour unions and organisations, titled ‘Old Labour History’, has shaped two sets of scholars, Marxist and Non-Marxist, in regard to contemporary Iranian society. The former relies on class conflict and exploitation of the mode of labour relations, which is reinforced by factual pieces of evidence on the appalling working conditions in most economic sectors in early 20<sup>th</sup> century Iran. The worker is then regarded as the political agent whose resistance is tightening the organisational activities of labour unions, which instigates a significant gap between the context of everyday activities and cultures of these very workers. For instance, Jalil Mahmudi and Naser Sa‘idi delineate the working conditions of labourers in the late Qajar and early Pahlavi periods in Iran. Their argument promoted the role of labour unions and the internalisation of socialist ideas in Iranian working class resistance, leading to the workers’ empowerment to protest for their rights

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16 Donald Quataret, “Labour Unrest in Egypt, 1906-90,” *Review (Fernand Braudel Centre)* 18, no. 1 (1995): 117.

17 Assef Bayat, “Historiography, Class, and Iranian Workers,” in *Workers and Working Class in the Middle East: Struggles, Histories, and Historiographies*, ed. Zachary Luckman (Albany: State University of New York Press, 1994), 165.

without being directly led by political bodies such as socialist organisations.<sup>18</sup>

In his book, Habib Lajevardi, one of the leading representatives of the Non-Marxist view, examines the relationship between the working class and the state in the contemporary history of Iran.<sup>19</sup> Lajevardi trailed political development in Iran through the formation of labour unions and their interactions with the state. His core argument asserts an inverse relationship between the intensity of labour union activity and the power and stability of the Iranian state. When the state is in a dominant and stable position, it turns into an autocratic regime which subsequently does not permit union activities.

The cultural turn in the 1950s and 1960s drew the attention of labour historians, as one of the leading sub-disciplines of social history, to the living experiences and culture of the working class outside the framework of trade unions and organisations.<sup>20</sup> In turn, this initiated a new labour history, a school which was founded and developed by a new Marxist historian, E. P. Thompson. He distanced himself from the dominant structural approach in working class history and determined experience as a critical element in the unmediated understanding of the workers' conditions. Whereas, hitherto, workers were identified in the context of political acts and labour movements, Thompson, in his classic book 'The Making of the English Working

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18 Jalil Mahmudi and Naser Sa'idi, *Shoq-e Yek Khiz-e Boland: Nokhostin Etehadyeha-ye Kargari dar Iran 1285-1320* [Towards a Subtle Rise: The First Labour Unions in Iran 1906-1941] (Tehran: Nashr-e Qatreh, 1381[2002]), 118-119.

19 Habib Lajevardi, *Labour Unions and Autocracy in Iran* (USA: Syracuse University Press, 1985). Touraj Atabaki has identified this work as a turning point in the non-Marxist historiography of the Iranian working class. See Touraj Atabaki, "The History and Historiography of Labour and Working Class in Iran (Persia)," in *Handbook of Global History & Work*, eds. Karin Hofmeester and Marcel van der Linden (Berlin: De Gruyter, 2017), 181-199.

20 Marcel van der Linden, *Labour History: The Old, the New, and the Global*, *African Studies* 66, no. 2-3 (August & December 2007): 169-180.

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Class', traces the formation of the working class in England based on the workers' culture, traditions, and value systems, since this subjective component frames the workers' conception of their current state.<sup>21</sup> According to Thompson, the class experience, as reflected in traditions and value systems, was transformed into class consciousness.<sup>22</sup>

The recent view of new labour history has lately received attention in some studies regarding the contemporary history of Iran. In his work, Atabaki examines the formation of the working class in the Iranian oil industry.<sup>23</sup> He primarily traces the labourers' social roots in the early years of the establishment of the oil industry, prior to its major expansion in the region, social relationships, and the work culture of the indigenous tribal people who were recruited by the oil company. He also focuses on labour relations, class structure, and the influence of foreign powers in the formation of the working class and displays the new industrial order encounter with local labour resistance in its various forms, including leaving their jobs.<sup>24</sup> More than five decades later, the industrial order was deployed to the Sarcheshmeh Copper Project, a place where the majority of the labour force consisted of locals who grew up in an agrarian environment. In contrast with how the oil workers reacted in the early decades of the oil industry, such as leaving their jobs, the workers showed less confrontation with the new order at the Sarcheshmeh Copper Mine. It demonstrates that the

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21 E. P. Thompson, *The Making of the English Working Class* (New York: Vintage, 1966). Thompson's works, especially the mentioned book, are considered as the foundations of New Labour History.

22 Ibid. 9-10.

23 Touraj Atabaki, "From Amaleh (Labourer) to Kargar (Worker): Recruitment, Work-Discipline and Making of the Working Class in Persian/Iranian Oil Industry," *International Labour and Working-Class History* 84 (Fall 2013): 159-175.

24 Ibid. 169.

modern order was not the sole trigger for the workers' reactions in the oil industry, but that other elements, the workers' cultural backgrounds, for instance, as well as working and living conditions, framed the way the people viewed the new order.

In his article, Kaveh Ehsani elaborates on a critical opinion about the establishment of two oil company towns in Iran, Abadan and Masjed Soleyman, as the towns' designs by British architect, James M. Wilson, took no account of the local culture and were based on a hierarchical model that was dominated by an exploitative attitude.<sup>25</sup> The importance of environment and space supports the fundamental role that those components play in the socialisation of the labour force. These same issues also arose decades later when the state constructed a town next to the Sarcheshmeh Copper Mine to house the workforce and their families. Despite the contribution of an Iranian architect, Abdolaziz Farmanfarmaian, there was no real creative process and the design basically copied the research that had been carried out in developed countries. In this blind copying process, there was no effort to make the design compatible with local socio-geographical realities.

In two separate studies, Jafari and Jefroudi examine the Iranian oil workers agency in a political framework in Pahlavi's reign.<sup>26</sup> The former tends to legitimise the Iranian oil workers' agency in the social and economic contexts and states that oil workers' acts of protest

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25 Kaveh Ehsani, "Social Engineering and Contradiction of Modernisation in Khuzestan's Company Town: A Look at Abadan and Masjed-Soleyman," *International Review of Social History* 48, no. 3 (December 2003): 361-399.

26 Peyman Jafari, "Reasons to Revolt: Iranian Oil Workers in the 1970s," *International Labour and Working-Class History* 84 (Fall 2013): 195-217; Maral Jefroudi, "Revisiting the Long Night of Iranian workers: Labour Activism in the Iranian Oil Industry in the 1960s," *International Labour and Working-Class History* 84 (Fall 2013): 177.

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originated from their political consciousness during the period of unrest leading to the 1979 Iranian Revolution. The latter focuses on the period between the 1953 coup and the late 1970s, particularly in the restrictive atmosphere that followed the 1953 coup, when all labour unions and working-class activities were banned by state order. Jefroudi creates a narrative in the face of the dominant intellectual view that workers' activities were almost absent during this period, especially in the 1960s. Both studies suggest a counter-narrative of the Iranian oil workers' activities in social and political contexts, while neither elaborates on the role of the state's views in controlling oil workers in the state-owned oil industry. Reflection on the unmediated experiences of workers alone cannot explain the historical status of the working class, e.g. how the emergence of paternalism in social policy and the mode of management affected the labour activities.<sup>27</sup> This is particularly important in the Iranian oil industry because of the social policy that was developed and laid down to govern the workers' living and working conditions.<sup>28</sup> To understand the working class, we must consider it in a broader social, political,

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27 A well-known quote from Karl Marx: "Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under the circumstances existing already, given and transmitted from the past." It hardly needs saying that consideration of economic structure has been overwhelmingly crucial in Marxist thought. Thompson was attempting to free Marxism from the economic determinism.

28 Azam Khatam's insightful paper comparing two state-led mega projects in southern Iran unfolds about the extent to which the attitude of the state has a critical effect on workers. The first project is the oil industry in Abadan, which was established in the early 20<sup>th</sup> century; the other is the gas project in A'saluyeh, which was run after the 1979 Revolution. Both were established and managed by the state through the same organisations. The critical point is that the first one displays a consideration towards social phenomena, while that was notably absent in 'Asaluyeh. Briefly, the attention received by the first project was an important factor in the high standard of urbanisation that developed in the area. In contrast, 'Asaluyeh is now faced with a human catastrophe—largely due to a lack of social concern on the part of the state, working and living conditions are poor. Khatam's study reveals a substantial reversal in the approach of the state towards the labour force. See Azam Khatam, "'Asaluyeh dar Ayeneh Abadan: Az Sherkat-Shahr ta Ordugaha-ye Karkonan-e Naft dar Iran" [A Comparative Studies of 'Asaluyeh and Abadan: From Company Town to Workers' Camp], *Goftogu Quarterly* 60 (1390) [2011]: 65-79.

and cultural context.<sup>29</sup> The labour process is framed by social and economic structures, political conditions, cultural patterns, and powerful agents, such as the state and entrepreneurs.

### **Conceptual Framework**

Before elaborating on the conceptual details, it needs to be noted that this study is built upon a multidisciplinary approach within which it aims to decentralise the role of specific agents or structures. However, attention will be paid mainly to the interactions between different forces within the social structures at both a macro and micro level.<sup>30</sup>

The field of social history principally reconsiders the classical top-down model in historical studies and, as an alternative, proposes a bottom-up view through which light is shed on the social transformations seen through the lens of the bottom layers of society. That view has been crystallised in the new labour history, which promotes worker agencies by focusing on the worker's experience. The classical dichotomy of structure-agent can be expressed here as structure-experience, and omitting either side of this dichotomy constructs a framework insufficient to comprehend the relationship between the different forces.<sup>31</sup> Therefore, emphasis must be put on the

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29 Sherry Vatter, *Militant Journeymen*, "Nineteenth-Century Damascus: Implications for the Middle Eastern Labour History Agenda," in *Workers and Working Class in the Middle East*, ed. Zachary Lockman (Albany: State University of New York Press, 1994), 13.

30 Pier Bourdieu states that the so-called "difficult" spots, places that bring together different people who have a minimum in common and are obliged to live together, must be explained through a multilayer and complex representations in order to move away from a single and central, quasi-divine point of view. He suggests a type of perspectivism which is based on the reality of the social world rather than subjectivist relativism. See Pier Bourdieu, "The Space of Point of Views," in *The Weight of the World: Social Suffering in Contemporary Society*, ed. Pier Bourdieu et al. (Cambridge: Polity Press, 2002), 3-4.

31 Emilia Viotti da Costa argues that we must be conscious of the dichotomy of experience versus structure. We should not be ignorant by following the fashionable view that emphasises experience nor the "old fashion of structure". We should not be ignorant of the other side. See Emilia Viotti da Costa, "Experience versus Structures: New Tendencies in the History of Labour and the Working Class in Latin

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workers' agency as well as structural conditions and external parameters, such as labour relations, capital accumulation, management, and the nature of work. The primary aim of this thesis is to keep the dichotomy mentioned above at a distance and, instead, to suggest a new perspective, underlining the interactions of various forces.

It must also be noted that the core of this thesis relies on social phenomena. As the focus is on the relationship between different social forces during the establishment of a mining complex, it could structurally draw attention towards the struggles amongst different forces which are generally identified in a political framework. Therefore, the study could be overwhelmed by political and economic phenomena, leading to the avoidance of social phenomena. For instance, some essential ascriptions to the state, mainly from a Marxist viewpoint, presupposed the reality of a structural bond between the state and the economic interests of the dominant class. This thesis tends to distance itself from the Marxist idea, and instead considers social phenomena as a critical component based on Polanyi's argument on the state's relationship with the other social forces.<sup>32</sup> Polanyi states that what determines the state's view is not merely shaped by upper-class interests, but also the legitimacy which must be constructed in society and amongst the people. This draws the state into line with lower class interests as well, as was observed in the Pahlavi era, particularly when implementing a series of top-down social reforms called 'The White Revolution' in 1963, which

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America-What Do We Gain? What Do We Lose?" *International Labour and Working-Class History* 36 (Fall 1989): 3-24.

32 Fred Block and Margaret Somers, "Beyond Economic Fallacy: Karl Polanyi," in *Visions and Methods in Historical Sociology*, ed. Theda Skocpol (Cambridge: Cambridge University Press, 1984), 68-69.

significantly influenced the state-society relationship within Iran's developmental plans in the 1960s and 1970s.<sup>33</sup>

Focus must also be directed to the state view towards the workers and the local entrepreneurs to determine the structure of the Iranian state, as well as the ways the workers and local entrepreneurs dealt with the top-down development which impacted on the state decision-making system from above and determined the structure of dominant relationships between them. As a result, the recognised specific type of state, which will be elaborated on shortly, is constructed in specified socio-political conditions along with the interaction of internal and external elements. Meanwhile, attention is also paid to society, as was clarified earlier, to highlight the role of social forces, mainly the working class, which effectively played a role in the development of the Iranian copper industry and establishment of the Sarcheshmeh Copper Mine.

### **Iranian Developmental State**

The recent global economic crises, as well as newly developing economic powers such as China, has turned scholars' attention again towards the interventionist approaches which promote the state's role in economic development and industrial strategy. Chief amongst them is the current idea of reverting again to the developmental state, as the centre of attention, with scholars revisiting the question of

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33 Executing a set of top-down socio-economic reforms called the White Revolution by the Shah's government from 1962 to 64. The most controversial reform was the focus on the system of landholding in Iranian agriculture. The Land Reform Law dealt with multitude aspects from the transfer of ownership to the provision of agricultural services. The primary law determined that the maximum land ownership by one person is to be one village of six dang or a maximum total of six dangs in a number of villages. The seeming gains of the first implementation of the Law brought about a more extensive plan which is generally known as Phase Two. See McLachlan, K. S. "Land Reform in Iran," in *The Cambridge History of Iran*, ed. Fisher, W. B. (Cambridge: Cambridge University Press, 1968), 684–714.

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interventionism and the significance of the state's status in the social and economic development framework.<sup>34</sup>

The critique towards state interventionism goes back to the 1970s and 1980s during the emergence and expansion of neoliberalism, which identified any interventionist policy as a rigid barrier against the pathway of economic development. Instead, the more attention was paid to promoting self-regulation of the market. As a result, what had been introduced as the constructive role of the state was avoided, so that state intervention was determined in order to perform primary functions in an economic system.

Neoliberalism was reinforced by world powers, initially implemented by Ronald Reagan in the US and Margaret Thatcher in the UK in the 1970s and 1980s, and it rapidly spread across the globe as a dominant economic trend. However, underpinning the constructive role of the state confronted the ideas which were inspired by the state-oriented developmental pathway of East Asian countries. In his research on the origins of Japan's economic progress, Chalmers Johnson examines the causes of the miraculous economic growth of Japan, which was based on a state interventionist economic policy.<sup>35</sup> Contrary to neoliberalist principles against interventionism, Johnson proved that this policy made a profound contribution to the state of Japan's economic achievements. To argue this case for critical growth, he created the idea of the developmental state, which is built upon four pillars: first, a small, capable elite state bureaucracy whose duty it is

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34 The argument has recently been raised in various economic institutes. For instance, see a series of recent articles here: <http://speri.dept.shef.ac.uk/2018/02/07/new-speri-paper-revisiting-the-developmental-state/>

35 Chalmers Johnson, *MITI and the Japanese Miracles: The Growth of Industrial Policy 1925-1975* (Stanford: Stanford University Press, 1982).

to design the industrial structure policy as well as the industrial rationalisation policy. The former focuses on identifying the industries to be developed and the latter pays attention to choosing the most appropriate means of development to manage the competition in industrial sectors in order to promote their effectiveness.<sup>36</sup> Second is the perfection of market-conforming methods of state intervention in the economy.<sup>37</sup> The third is establishing an efficient pilot organisation.<sup>38</sup> Fourth is a stable political system which prepares appropriate space for the bureaucratic system, efficient pilot organisation and perfection of market-conforming methods of state intervention in the economy.<sup>39</sup>

In contrast to the economic development theories, the developmental state stands on sociological principles based on its emphasis on human skill as well as institutional capability. It is an idea based on a society whose success is bonded with attention to social phenomena in order to reproduce the specified social settings as well as institutional structure. Thereafter, Johnson's idea was promoted by other scholars, such as Amsted, Rodrick,<sup>40</sup> Evans and Patrick<sup>41</sup>, whilst Haggard suggested that growth originates from the expanding capability of the citizens and the workers.<sup>42</sup>

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36 Ibid., 314-315

37 Ibid., 317-319.

38 Ibid., 319-320.

39 Ibid., 315-316.

40 Dani Rodrick (2008) *One Economics, Many Recipes: Globalization, Institutions, and Economic Growth* (Princeton: Princeton University Press, 2008).

41 Peter Evans, *The Challenge of 21st-century Development: Building Capability Enhancing States*. Working Paper for the United National Development Program 2010 "Capacity Is Development," Global Event (New York: UNDP).

Peter Evans and Patrick Heller, "Human Development, State Transformation, and the Politics of the Developmental State," in *The Oxford Handbook of Transformations of the State*, eds. Stephan Leibfried, Evelyn Huber, Matthew Lange, Jonah D. Levy, and John D. Stephens (New York: Oxford University Press, 2015), 691-713.

42 Stephen Haggard, *Developmental State* (New York: Cambridge University Press, 2018), 4.

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The argument for the developmental state must distance itself from the question of how much the state intervenes, but attention must be paid to the type of state and its consequence.<sup>43</sup> That means that the developmental state is not determined by a single tight framework but can be varied, based on the different structural specifications of the state. For example, Leftwich framed it into a political structure and merged the concept of democracy into the theory of the developmental state. He then suggested two types of developmental state: democratic and non-democratic.<sup>44</sup>

In Iran, the establishment of Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation] and its state-centric approach towards a developmental plan, within which the private sector was framed as an arm of economic growth, achieved great success in the 1960s. Peaking with a miraculous 16 percent industrial growth in the mid-1960s, it is renowned as the golden period of Iranian industrialisation; a significant achievement which was reached through state control along with private sector cooperation.<sup>45</sup> The state was also identified as the key contributor to social development by defining the industrial project as the rod of social development within a specific geographical region. Since the mines usually lie in remote areas of Iran, the project facilitated the presence of the state in the area by creating a welfare policy and developing social facilities.

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43 Peter Evans, *Embedded Autonomy: State and Industrial Transformation* (Princeton: Princeton University Press), 10-11.

44 Adrian Leftwich, *States of Development: On the Primacy of Politics in Development* (Cambridge: Polity Press, 2000); Adrian Leftwich, *Democracy and Development: Theory and Politics* (Cambridge: Polity Press, 1996).

45 The government-business relationships are generally divided into three types of self-control, state control, public-private cooperation. See Chalmers Johnson, "The Developmental State: Odyssey of a Concept," in *The Developmental State*, ed. Meredith Woo-Cumming (Ithaca: Cornell University Press, 1999), 57.

The exploration of the Sarcheshmeh Copper Mine started in the golden period of the 1960s when the mining entrepreneurs, the Rezai brothers, established an exploration team in the area. Later, in partnership with the British mining company Selection Trust, they proceeded with the project. However, the mine was ultimately nationalised and its ownership transferred to the state. Based on the mine's ownership and management, the establishment of the Sarcheshmeh Copper Complex from 1966-1979 is divided into three phases:

1- The KMC<sup>46</sup> period from 1966-1967: This period refers to the start of the initial exploration which was accomplished by the Rezai brothers.

2- The KCI<sup>47</sup> period from 1967-1971: The size of the project was beyond the Rezai brothers' capability; then, in partnership with a British company, Selection Trust, the Rezai brothers established KCI to proceed with the exploration. The operation significantly expanded under KCI's management; however, the joint venture could not secure the finances required. Therefore, the Iranian state stepped in and the mine was nationalised.

3- The SCMCK<sup>48</sup> period from 1972-1979: The mine was nationalised and came under the control of SCMCK, which was a state company. In an agreement with a giant American mining company, Anaconda Copper Mining Company became the consultant and Parson Jordan became the contractor, and the SCMCK proceeded with establishing

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46 Kerman Mining Corporation

47 Kerman Copper Industries

48 Sarcheshmeh Copper Mines Corporation of Kerman

the operation of the Sarcheshmeh Copper Complex.<sup>49</sup> The presence of the state brought about a significant transformation in the development of the project. Moreover, the replacement of the mining entrepreneur with the state, which came out of the nationalisation of the mine, placed the people in closer and more frequent contact with the state.

Each episode is attributed with characteristics based on the relationship of state-entrepreneur, state-worker and entrepreneur-worker.

Therefore, this study frames the relationships mentioned above within the context of a developmental state and will prove that the establishment of the Sarcheshmeh Copper Mine, as one of the state's mega-projects in the 1960s and 1970s, meets the four specifications of a developmental state raised by Johnson. The Iranian developmental was also based the paternalist mode of governance, referring to the design and implementation of the social policies and mode of management in the Sarcheshmeh Copper Mine. It consisted of the means of development from the state as well as the company management, focusing on the significance of organisational control, as it partly contributes towards the structure of the wider system of social control, which reflects the power relations in society as a whole. Although some draw the line between the state and the company, I would rely on Timothy Mitchel's idea regarding the elusiveness of the state's boundary with society in order to trace the

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49 The whole Iran copper industry was nationalised in 1976 and the company name was changed to National Iranian Copper Industries Corporation (NICICO).

pathway of the paternalistic mode of governance in managing the projects during the establishment of the Sarcheshmeh Copper Mine.<sup>50</sup>

The two traditional stances towards labour relations are a coercive system and a paternalist system. An extreme example of the coercionist system is represented during the period when forced labour was legal worldwide. The labour force was directly exploited, like slaves, in harsh conditions without recognition of any freedom, either in their choice of work or in their right to make demands about wages or other primary rights. The response of early capitalist employers to labour scarcity was to institute coercive practices which were sustained until the beginning of the 20<sup>th</sup> century, particularly in the colonial states.<sup>51</sup> Workers were often monitored and there were sometimes strict rules in place against trivial matters, such as talking to fellow workers or even whistling, which could have been punished by a fine or even dismissal.<sup>52</sup> The transformation in social relations, profound changes in the nature of the workplace, along with the development of human rights and apparent limitations in the ability of coercive systems to improve efficiency, signalled the widespread decline of the coercionist discourse, so that eventually a shift occurred in labour relations and paternalism emerged.<sup>53</sup>

The idea of paternalism in managerial strategy was created in opposition to the coercive views towards labour relations, including

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50 Timothy Michel, "The Limits of the State: Beyond Statist Approaches and Their Critics," *The American Political Science Review* 85, no. 1 (March 1991): 77-96.

51 John Sender and Sheila Smith, *The Development of Capitalism in Africa* (New York: Methuen, 1986), 46-47.

52 Keith Grint, *Sociology of Work* (Cambridge: Polity Press, 2005), 118.

53 For examples see Donald Reid, "Industrial Paternalism: Discourses and Practice in Nineteenth-Century French Mining and Metallurgy," *Comparative Studies in Society and History* 27, no. 4 (October 1985): 579-607; Michael Burawoy, *The Politics of Production: Factory Regime under Capitalism and Socialism* (London: Verso, 1985).

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any kind of forced labour regime. It principally arose, along with the promotion of social phenomena, to absorb more workers into the industrial units and to be more productive though persuasive as well as repressive means of management.<sup>54</sup> The structural cause of scarcity in both skilled and unskilled workers led to the deployment of industrial paternalism in France in the 19th century, in which companies conducted a developed welfare policy by offering housing, schools, health care and other social services.<sup>55</sup>

Such policies of persuasion assume more importance in workplaces located in remote areas, to which workers tend to be less keen to move. However, inevitably, many cases did not fit precisely into any one specific category and there continued to be a mixture of different employment conditions from soft elements of coercionism to some characteristics of paternalism.<sup>56</sup>

The second specification of the Iranian developmental state is the source of the state's income, which profoundly relied on oil rather than manufacturing and exporting. The increasing oil income was generated from the growth in oil production as well as rising oil prices in the late 1960s, and particularly during the first oil boom in the 1970s, which enhanced the state's confidence to expand interventionism to accelerate socio-economic progress, leading towards what the Shah portrayed as "the Great Gates of Civilisation".

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54 Donald Reid, "Industrial Paternalism: Discourse and Practise in Nineteenth-Century Mining and Metallurgy," *Comparative Studies in Society and History* 27, no.4 (October 1984): 582- 584.

55 Paternalism was primarily conducted in the oil industry in Iran. See Touraj Atabaki, "From Amaleh (Labourer) to Kargar (Worker): Recruitment, Work-Discipline and Making of the Working Class in Persian/Iranian Oil Industry," *International Labour and Working-Class History* 84 (Fall 2013): 159-175; Kaveh Ehsani, "The Social History of Labour in the Iranian oil Industry: The Built Environment and the Making of the Industrial Working Class 1908-1941" (PhD diss., Leiden University, 2014).

56 Patrick Joyce, *Work, Society and Politics: The Culture of Factory in Later Victorian England* (London: Methuen, 1980).

The considerable injection of oil money into the economy produced greater freedom in the state's decision-making process as well as allowing state technocrats to create developmental plans. It also influenced the shaping and increase of the paternalist mode of governance which had been embedded in the Iranian society. The growing significance of social phenomena, as well as the embodied paternalist mode of governance and the increasing oil income, led the Sarcheshmeh Copper Mine to sometimes infringe on the structure of a modern organisation which is principally built upon purposive rational action, according to Max Weber's idea on the representation of four types of action.<sup>57</sup> This is a characteristic partly echoed in the whole mode of governance in the Pahlavi era, as was observed in managing a large organisation such as the Sarcheshmeh Copper Mine. To conclude, a developmental state was constructed based on paternalist approach in social policy and mode of governance as well as petrol-based income. I suggest to name it the 'petro-paternalist developmental state' in order to specify the structure of the Iranian state related to studying the development of the copper industry in the late 1960s and 1970s.

### **The Local Reaction and Workers' Response to the Copper Mining Development**

Until this point, the conceptual framework has proposed a top-down model to shape the contribution of so-called 'forces from above'. Now, the social phenomena will be driven to the midpoint, focusing

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<sup>57</sup> In a classical division, Max Weber suggested four types of action: instrumental, value, effectual, and traditional. See Max Weber, *The Theory of Social and Economic Organisation* (New York: The Free Press, 1964), 120.

on the lower layers of society; the way that the people determine their contribution in the formation of the modern copper industry and the manner through which they imposed their will to the company and the state at different stages.<sup>58</sup> In a broader view, it focused on how the people resisted against the authorities and what the authorities did to mitigate the people's resistance.

The Sarcheshmeh Copper Mine assembled a massive labour force, as well as advanced technology and modern management, in a remote mountain area where the locals were mostly involved in agriculture and animal husbandry. In effect, diverse kinds of forces, from the state institutes, technocrats and the Royal Court to the local authorities, company employees, local ordinary people and local elites, contributed to the development of the mine. The social setting and the natural environment were transformed, leading to conflict among the various forces in the three stages, as previously indicated, during the establishing process.

The shift in ownership and the change in management changed the social policy and industrial relations, leading to improved living and working conditions. These are the two components which contribute to shaping people's collective identity and the formation of a social class. The significance of the class formation is in regard to making a crucial link between class structure and class struggle. It shows the ways in which they shape class capacities and thus the balance of power within a class struggle. Class formation involved in formal organisation, as well as any form of collectively constituted social

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<sup>58</sup> Roberts states that combining the variables of proletarianization such as wage-work and degree of control with those to do with state and identity must be considered for research on the class formation. See B. R. Roberts, "Peasant and Proletarians," *Annual Review of Sociology*, 16 (August 1990): 374.

relations which facilitate solidarity behaviour in pursuit of class interest, is an instance of class formation.<sup>59</sup>

Marx linked the construction of social class with the mode of production and elaborated on two phases in the formation of a working class: “class in itself” and “class for itself”, which are determined by class consciousness. The former refers to the workers being unaware of their common interests against the dominant social class, while the latter builds upon the expansion of class consciousness in the working class. The core argument maintains the structural effect on leading the subjective dimension of the class formation. However, Ira Katznelson raised criticism against the classical dichotomy of Marx, and stated that class formation consists of a multi-level process, each intensely contributing to the process of shaping the working class. According to Katznelson, “Class is a junction term. Questions about the content of each level and the connections between levels of class constitute the very heart of the analysis of class formation.”<sup>60</sup> Then, he states that class formation consists of four distinct levels: structure, ways of life, dispositions, and collective action.<sup>61</sup> The first level comprises the workers’ status regarding property rights and the ownership network in society.<sup>62</sup> That is a structural cause which determines the social being of the worker whose economic life is built upon wage labour within the context of capitalism. The solid economic structure creates less space to activate the workers’ agency and to initiate a structural

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59 Erik Olin Wright, *Class Counts* (Cambridge: Cambridge University Press, 2000), 192.

60 Ira Katznelson, “Working Class Formation: Construction Case and Comparison,” in *Working Class Formation: Nineteenth-Century Patterns in Western European and the United States*, eds. Ira Katznelson and Aristide R. Zolberg (New Jersey: Princeton University Press, 1986), 22.

61 *Ibid.*, 9.

62 *Ibid.*, 17.

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transformation in the economic system. However, the worker's agency comes into effect at the second level, based on the workers' active role in framing their way of life into a specified framework. That contrasts with the political apparatus's intention to engineer the working-class formation based on its priorities and interests, which can be identified through examining its mode of governance and the social policies. The choices that exist at the second level in the formation of the working-class enable the workers to construct their way of life based on their interests. That characteristic makes daily life a conflict zone between different forces; mainly the state, the company and people who have tried to impose their wills. The third level indicates the workers' conception of the changes. It focuses on the workers' interpretation of their status and their relations with other social groups, as well as their living and working conditions in society. Finally, the fourth level focuses on the presence of the working-class agency within social-political trends, leading to embedding the working-class interests into social and political transformations. Katznelson's multi-layered view of enhancing the capability of the concept of class dealing with the social phenomena complexity is in contrast with Marx's idea, which divided it into two strict categories.

Capitalism structurally generates an imbalanced class relationship, backing the dominant class, constructed upon the ownership of means of production as well as capitalist status in the mode of production. That leads to producing a continual class struggle between the capitalists and working class. However, Wright states that certain conditions can redesign class relationships by minimising the level of

struggle and leading to the formation of class compromise. The Marxist discourse commonly criticises class compromise since it distorts the working-class struggle against capitalism. However, Wright also offers class compromise as a constructive strategy in resistance against capitalism if it meets particular characteristics. He then suggests the division of class compromise into two categories of positive class compromise and negative class compromise.<sup>63</sup> Wright defines the former as an episode of the anti-capitalism process to lay the ground for the progression of the socialist movement. In his article, ‘How to be an anti-capitalist today’, Wright indicates four different strategies to face capitalism: smashing, taming, escaping and eroding capitalism.<sup>64</sup> He suggested taming capitalism as the most effective method to reduce its harms. In the early period of anti-capitalism, taming capitalism, the class struggle can be converted to class compromise. The mechanism of conversion originates from enhanced status of the workers struggling with the employer, based on the two sources of working-class power: structural power and associational power. The former is generated upon the status of the workers in a tight labour market as well as the location of a particular group of workers in an industrial sector, and the latter represents the institutional power of workers through labour unions and workers’ councils. However, the negative class compromise presents a settled struggle without participation from the working-class organisational power. Furthermore, it does not cover both sides’ requirements, but leads to a loss and win game. In fact, there is no element of

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63 Erik Olin Wright, “Class Struggle and Class Compromise in the Era of Stagnation,” *Transform*, no. 11 (2012): 24-25.

64 Erik Olin Wright, “Why Class Matters,” *Jacobin*, December 23, 2015, <https://www.jacobinmag.com/2015/12/socialism-marxism-democracy-inequality-erik-olin-wright/>

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organisational power in reconciling between the workers and the rulers, for instance, in an authoritarian political regime which suppresses the labour unions and labour councils, such as during the period of Mohammad Reza Shah. As a result, the concessions given to the working class are aimed at reducing the class conflict without meeting either sides' interests. Consequently, it generates a fragile compromise with a high potential of a return to struggle.

These phenomena were shown in workers-state relationship in the Sarcheshmeh Copper Mine, particularly during the unrest leading to the 1979 Iranian Revolution when the workers sometimes rose against the revolutionaries. Although the industrial workers' demands in the private sector were less politically oriented until the final stage of the revolution from October 1978 onwards, the public workers presented more sympathy with the people's street protests, as Ahmad Ashraf stated.<sup>65</sup>

### Sources

This thesis relied on oral sources as well as documentary text. I conducted semi-structured interviews with some retired staff, and locals who were still living in the villages in the mountains near the Sarcheshmeh Copper Mine. I also interviewed the former top managers who currently live in different parts of the world, including two former managing directors of the company and one former deputy. Moreover, I interviewed locals who might not have worked in

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65 Ahmad Ashraf, "Kalbodshekafi-ye yek Enqelab: Naqsh-e Kargaran-e Sana'ti dar Enqelab-e 57" [Autopsy a Revolution: The Role of Industrial Workers in the 1979 Revolution], *Iran Nameh* 26, no. 3-4 (2011): 4-53.

the mine but witnessed the social transformation that went along with the construction of the Sarcheshmeh Copper Mine.

I also visited several archives, private and public ones, named later in this study. This enabled me to cross-check the oral claims and also provided me with the advantage of solid documents, which are usually preserved from the ravages of time and manipulation. However, the documents are mostly official and can lead us to draw a state-oriented picture. The oral sources assisted me in avoiding that pitfall.

**Primary Sources:**

British Library, London

Library, Museum and Document Centre of Iran Parliament, Tehran;

National Library and Archives of Iran, Kerman;

National Library and Archives of Iran, Tehran;

Personal Records of Reza Niazmand, Tehran;

Sarcheshmeh Copper Mine Archive, Sarcheshmeh Copper Complex, Rafsanjan;

Selection Trust Archives, LSE Library Archives and Special Collections, London;

The Centre of Research and Documents of Presidency, Tehran;

The National Archives, London;

Newspapers, Journals, and Magazines: Yad, Mardom, Nameh-ye Mardom, Kayhan, Etela‘at, Rastakhiz-e Kargaran, Nameh-ye Otaq-e Bazargani, Keyhan International, Financial Times.

### **Outline of Chapters**

This thesis consists of four chapters and a conclusion.

Chapter one is an introduction which primarily delivers a brief explanation of the establishment of the Sarcheshmeh Copper Mine and its importance. After a critical review of the existent literature on the social and labour history of Iran, it elaborates on the research question as well as the conceptual framework, based on the theory of the developmental state, to study the state relationship between the state, entrepreneurs and workers, with particular attention given to the formation of the working class in the Iranian copper industry and the workers agency within this process. The chapter ends with information on the primary sources of this study.

Chapter two will examine the labour force and state of the Iranian mining industry in the contemporary history of Iran within social and political contexts. It focuses on different agents, including the state institutes, from the Reza Shah period in 1925 until the end of Mohammad Reza Shah's reign in 1979. The focus is on the political and economic changes throughout the period, with particular attention to industrial development, specifically the mining industry, to understand the active forces in the power structure of the social system. The argument is put forward on the structure of the state's social and economic views and the growth of the industrial working class in that specified period, with particular attention given to social and political events at both a national and international level in the 1960s and 1970s. That prepared the ground for entering into the mining industry and the development and establishment of the Sarcheshmeh Copper Complex.

Chapter three will focus on the nationalisation of the Sarcheshmeh Copper Mine in order to understand the state and mining entrepreneurial relations within the idea of a developmental state framework.<sup>66</sup> To do that, I shall examine the various elements of a developmental state, with particular attention to the establishment of the Sarcheshmeh Copper Mine, by analysing the critical participation of the human agents, including the Shah, the statesmen, technocrats, and mining entrepreneurs, as well as the state institutions. Those could not be understood without assessing the social and political conditions on a national and international level in the 60s and 70s, including the cold war, the oil boom in the 70s, and the domination of a semi-colonial order in Iran during one of Iran's most politically stable periods in the Pahlavi era.

Chapter four shifts towards the lower strata to assess the contribution of the various agents, including the indigenous people, workers, company management, ecological settings and human settings of the regions, in the formation of the Sarcheshmeh Copper Mine during the three phases mentioned, based on the impact of management and ownership. These factors forced the implementation of a developed social policy, leading to the transformation of the economic

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66 State documents and official correspondence applied the word the 'nationalisation' of Sarcheshmeh Copper Mine. However, some scholars, such as Ahmad Ashraf in dialogue with the author, insist that nationalisation is not a right term, but rather the mine became state-owned. Their concern is over the term "nationalisation," which predominantly evokes confiscation in Iran's political discourse due to the wave of nationalisation of private business in the aftermath of the 1979 Revolution. This is the terminology used in nationalist and socialist parties. "According to British practice, nationalisation implies ownership and control of industries which have been taken over from private enterprise in the national interest." See K. C. Bhandari, *Nationalisation of Industries in India, Doctrinaire Adherence Redundant* (Academic Publishers, 1962). Some scholars have defined different types of nationalisation. For instance, Keith Coleman describes various types, including Confiscation, Partial Confiscation, Classical Nationalisation, Partial Nationalisation, and Negotiated Nationalisation. See Keith Coleman, *Nationalisation: Beyond the Slogans* (Ravan Press, 1991). Based on that definition, it is correct to refer to the "nationalisation" of the Sarcheshmeh Copper Mine.

## Chapter One

conditions and the workers' way of life, which in turn, led to the formation of particular class relations and class compromise

## Chapter Two

### Modern Mining in Iran: Labour and the State

#### Introduction

Mining development and industrial expansion evolved from a modernisation project in Reza Shah's period (1925-1941), and accelerated during the time of his successor, Mohammad Reza Shah (1941-1979), specifically in the 1960s when Iran was a world-leading country in industrial growth.

This chapter presents a chronological narrative of the industrial expansion in Iran and examines the development of labour relations within the mining sector, focusing on the dynamics of the two main agents: Labour and State. It documents the role of governmental planning and state institutions within the social and political context of mining development, and their impact on workers' living and working conditions. It also discusses the social development of the mine workers and the role they played in formulating and promoting their status, which has rarely been identified by scholars of the historiography of modern Iran. The dearth of enquiry into the condition of miners in Iran's contemporary past does not stem merely from structural causes, for instance, undeveloped mining with a small workforce, or mines being located in remote areas, it also echoes the discourses dominant at the time, which generated a specific order of knowledge regarding Iran's contemporary past.<sup>67</sup> To revitalise the

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<sup>67</sup> It refers to the principal argument of Michael Foucault on the relationship between knowledge and power. See Michael Foucault, *History of Sexuality* (Knopf Doubleday Publishing Group, 1990).

standing of mine workers, this chapter will examine archival documents and oral narratives as well as literary works. It also breaks new ground regarding the development of the copper industry in Iran, which will be discussed in the next two chapters.

### **State-Interventionism in the Early Development of Modern Mining 1925-1941**

In the late 19th century Iran's economy was embryonic with little interaction with the outside world. Pre-industrial relationships dominated, with agriculture being the main source of income. It is estimated that in 1900 Iran's population was 9.86 million, with urbanisation at 21 percent.<sup>68</sup> A fifth of the population lived in 100 cities; 90 percent of those who worked outside the home were in the agricultural and nomadic sectors, while the remaining 10 percent worked in trade, service and handicrafts.<sup>69</sup>

The overthrow of the Qajar dynasty by Reza Khan's coup in 1921 led to the rise of the Pahlavi monarchy and the National Parliament's recognition in 1925 of Reza Shah as the king of Iran. Although the presence of modernisation dates back to the Qajar period, specifically from Naser al-Din Shah Qajar onwards, it was Reza Shah who launched modernisation as a project, initially through focusing on restructuring the state institutions. He began by overhauling the bureaucratic system to base it on a modern structure, thereby considerably improving the state's administration. In addition to

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68 Population of the cities with over 5000 people.

69 Julian Bharier, *Economic Development in Iran 1900-1970* (London: Oxford University Press, 1971), 3-5. Fred Holliday, *Iran: Dictatorship and Development* (London: Penguin Book, 1978), 14.

modernising the existing ministries, new ones were established to cover agriculture, transport, and industry.<sup>70</sup>

At that time, oil had no substantial input into the Iranian economy, with most oil income being allocated for the purchase military equipment and a slight percentage expended on foreign exchange to buy the components for investment projects.<sup>71</sup> Most state revenue then relied on the collection of delayed taxes, raising customs and imposing a new tax on consumer goods which led to the overall growth of state income.<sup>72</sup> That in turn founded a proper environment for the state to launch its economic programme by encouraging the local bourgeoisie to invest in manufacturing and industries. The state introduced a high tariff to support domestic production and granted private sector loans at low rates of interest for involvement in manufacturing.<sup>73</sup> The Ministry of Agriculture, Trade and Public Interests proclaimed that the state warmly invited Iranian entrepreneurs, as well as foreigners, to invest in Iran's mining and the other industrial sectors.<sup>74</sup> However, the state's incentive policies achieved little, as the local bourgeoisie had scant interest in industry. This derived from the Iranian bourgeoisie's weakness on two fronts: limited capital, and negligible knowledge of moving from trade to

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70 For instance, the institute of education was effective in generating an educated labour force, the shortage of which had been revealed as a major problem for the development plan. The state's focus on educational development promoted considerable growth in the number of elementary schools from 83 in 1923-24 to 2,336 in 1940-41, and in senior schools from 85 to 341. There was a similar substantial growth in higher education. Where there were fewer than 600 higher education students in 1925 that number soared to 3,331 by 1941. See Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 84-85.

71 Farhad Daftari, "Development Planning in Iran: A Historical Survey," *Iranian Studies* 6, no. 4 (Autumn 1973): 178.

72 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 67.

73 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 148.

74 E'lan az Taraf-e Vezarat-e Fallahat, Tejarat, va Favayed-e 'Ameh [An Announcement from The Ministry of Agriculture, Commerce, and Public Interests, *Etela'at Newspaper*, no. 101, Azar 21, 1305[December 31, 1926], 6.

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manufacturing. As a result, in the absence of a robust private sector, the state became the chief stakeholder in industrial development and imprinted its presence on the economy by founding new institutions. The intervention proceeded apace, with foreign trade legislation designed to bring it wholly under state control. The new law assigned exclusive rights to the government to import and export all industrial products and raw commodities as well as determining temporality or permanency of an import or export.<sup>75</sup>

Reza Shah's state-centric industrial reform was outstandingly successful, with the Ministry of Industry building around 300 industrial plants to produce rice, sugar, cement, copper, cigarettes, and electricity, compared with fewer than 20 industrial units in 1925 of which only five had more than 50 employees.<sup>76</sup> In fact, the government's plan eventually resulted in 17 times the number of industrial units, excluding installations related to oil.

The radical changes did not just have an effect on the elite, the lower strata of society were also considerably altered. The industrial expansion increased the number of workers, most of them in the new industries.<sup>77</sup> While agriculture had accounted for 90 percent of the labour force in 1906, that amount gradually decreased to 85 percent in 1926, and 75 percent in 1946.<sup>78</sup> Statistics show a dramatic rise in the number of workers, so that by the end of Reza Shah's rule there were

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75 "Qanun-e Vagozari-ye Enhesar-e Tejarat-e Khareji-ye Mamlekat be Dowlat, Mosavab-e 6 Esfand 1309" [The Assignment Statement of The Exclusivity of Foreign Trades of the Country to the Government, adopted on April 25, 1931], The Islamic Parliament Research Centre, accessed April 12, 2016, <http://rc.majlis.ir/fa/law/show/92304>

76 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 146. There was an arsenal in Tehran, a sugar plant in a Tehran suburb, a match factory in Khoi and two textile factories in Tabriz.

77 Farhad Kazemi, *Poverty and Revolution in Iran: The Migrant Poor, Urban Marginality and Politics* (New York: New York University Press, 1980), 105.

78 Julian Bharier, *Economic Development in Iran 1900-1970* (London: Oxford University Press, 1971), 34.

more than 260,000 workers in different sectors such as construction, mining, industry and transport.<sup>79</sup> It is estimated that 50,000 to 60,000 workers were employed in 200 factories by 1941.<sup>80</sup> The large industrial operations, those with more than 500 workers, employed 29,930 workers in early 1930. The large industrial units were politically significant because the larger population increased the power of workers in collective bargaining.

In the absence of a powerful central government and stable political conditions during the early 1900s, labour activities escalated; however, the liberated atmosphere did not last long as Reza Shah suppressed the labour unions early in his reign. The workers' resistance brought some improvement to labour conditions in specific workplaces in the 1920s, however they rarely had sufficient wage and adequate conditions. Long working hours, lack of attention to health and safety and low wages created circumstances referred to by certain British and American observers as amounting to slavery.<sup>81</sup> The authoritarian control did not, to any great measure, capitulate to the workers who instigated strikes, including the railway workers in Mazandaran in 1929,<sup>82</sup> match factory workers in Tabriz in 1930,<sup>83</sup> oil

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79 Abdullaev, in Ahmad Asharf and Ali Banuazizi, *Tabaqat-e Ejtema'i, Dowlat VA Enqelab dar Iran* [Social Classes, State, and Revolution in Iran] (Tehran: Nilufar, 1388[2009]), 98.

80 Parvin Alizadeh, "The Process of Import Substitution Industrialisation in Iran with Particular Reference to the Case of Vehicle Motor Industry" (PhD diss., Sussex University, 1984), 99.

81 The wage of a worker in the weaving industry was 1.5 to 3 rials (1 US dollar = 16.24 rials) per day in 1934-1937, which was equivalent to about eight or 10 pence. That sum increased to 3 to 6 rials (1 US dollar = 35 rials) in 1941, but was still far behind the 63 pence wage for a labourer in Britain and 23 pence in India. See John Foran, *Fragile Resistance: Social Transformation in Iran from 1500 to the Revolution* (Westview Press, 1993), 237 and 357. It must be mentioned that with data on wages from only three different countries, there is rather too little information to make accurate estimates of a worthwhile comparison between them, especially since there are no details of the average cost of living in each country. However, it is reasonable to suppose that there would be significant differences in wages between Iranian and British labour.

82 William Floor, *Labour Unions, Law and Conditions in Iran*, Occasional Papers Series- University of Durham 26 (1985), 40.

83 *Ibid.*, 42.

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workers in Abadan in 1929,<sup>84</sup> and Vatan textile factory workers in Isfahan in 1931.<sup>85</sup>

The state did, however, pay specific attention to the mining industry as it was potentially a high-earning economic resource for the country. According to Arthur Millspaugh, the head of Iran's financial administration in 1926, Iran had numerous and rich mineral resources, that mostly had not been extracted.<sup>86</sup> The state then implemented a developmental mining plan and expanded exploration for iron ore in the provinces of Mesgarabad at Tehran and Bafq at Yazd. It also commenced the exploitation of copper ore deposits in the Anarak area of Isfahan, the extracted copper ore being transported to Ghaniabad Melting Plant in Shahr-e Rey.<sup>87</sup>

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84 Ibid., 46.

85 Ibid., 53-55. The strike came to a conclusion when the employer accepted the following agreements: 1. Working hours to be reduced from 11 hours to 9 hours per day. 2. Revoking of body searches of workers at the factory entrance gate. 3. Specifying a place for drinking tea and eating brunch. 4. Wages to be increased by 20 percent. 5. The employer must decrease fines, and must ban the use of bad language against the workers. 6. Lunch break to be extended from 30 to 60 minutes. 7. Subcontracting to be revoked.

86 Arthur Chester Millspaugh, "The Financial Situation of Persia 1926," in Vaz'iat-e Malli VA Eqtesadi-ye Iran dar Doreh-ye Reza Shah [Iran's Financial and Economic Condition in Reza Shah Period], ed. & trans. Shahram Gholami" (Tehran: Nashr-e Tarikh-e Iran, 1395[2016]), 30.

87 Ma'aden-e Iran, Etella'at Newspaper, Shahrivar 22, 1316[September 13, 1937], 2.

**Table 1: The Number of Workers in each Industrial Sector at the End of the Reza Shah Period**

| Industry                                    | Number of Workers |
|---------------------------------------------|-------------------|
| Anglo-Persian Oil Company                   | 31500             |
| Weaving                                     | 2500              |
| Food Industries                             | 8800              |
| Mining                                      | 3300              |
| Fishery                                     | 3000              |
| Chemistry Industries                        | 2000              |
| Army Industries                             | 1500              |
| Match Factories and Electric Power Stations | 1600              |
| Cotton Gin Factory                          | 1500              |
| Construction Material Industries            | 5700              |
| Railway                                     | 14500             |
| Transport Sector                            | 20000             |
| Construction                                | 60000             |
| Leather Industries                          | 3000              |
| Carpeting                                   | 5000              |
| Other Factories                             | 4000              |
| Shawl Weaving and other Weaving Products    | -                 |
| Other Types of Urban Industries             | -                 |
| Total                                       | 260100            |

Source: Ahmad Asharf and Ali Banuazizi (1388) [2009]: 98.

This rapid development increased coal consumption as the main fuel of industrial plants at the time. The state then planned to develop coal mining, to feed the domestic coal demand from internal resources rather than outside, and introduced an incentive policy, with the intention of luring local entrepreneurs to exploit the coal mines. For instance, by passing a concession law that assigned an exclusive right

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to Mohammad Vali Khan Asadi to exploit the coal mine in Mashhad and 12 surrounding Farsakh,<sup>88</sup> the company was exempt tax payment for five years, thereafter paying 5 percent of net profit to the state.<sup>89</sup> Another concession was assigned by the National Parliament in 1932 for Mas'ud Khan-e 'Adl to exploit the coal mines in the city of Tabriz and surroundings.<sup>90</sup>

However, the capital-intensive character of mining discouraged the weak local bourgeoisie from investing in medium and large mining projects. As a result, the state became the leading agent of mining development, as it established Zirab Coal Mine at one of the largest coal deposits in northern Iran, located on the North Alborz range.<sup>91</sup> It also invested in a number of extant coal mines in the South Alborz range such as Shemshak, Gajereh and Lalun mines. The Shemshak Coal Mine was a medium-sized state mining project, in which the state invested 900,000 to one million toman<sup>92</sup>, and was projected to

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88 Farsakh is a unite for distance. 1 Farsakh= 6 km

89The concession holder had to start exploiting within six months of the date of this concession and was obliged to provide the needed coal for Mashhad and surrounding areas from year three. The company had to be able to meet the rise in coal demand through developing its activities. The company had no right to consider more than a 20 percent margin. If the discovered mines were located on state owned lands, the exploiting was free, if the mines were located on private land the company had to seek landowner permission through renting the land, buying land or allocating a share of business to the landowner. See Qanun-e Emtiaz-e Enhesari-ye Estekhray-e Ma'aden-e Zoghal-e Sang Atraf Mashhad be Aqa-ye Mohammad Vali Khan-e Asadi [The Exclusive Concession on Extracting Coal Mines Near Mashhad for Vali Khan-e Asadi], Mehr 27, 1309[October 19, 1930]

90The same terms and conditions were applied unless the margin dropped from 20 percent to 10 percent for the state's coal demand. See E'ta-ye Emtiaz-e Estekhray-e Zoghal-e Sang-e Atraf Shahr-e Tabriz be Mas'ud Khan-e 'Adl [The Exclusive Concession on Extracting Coal Mines near City of Tabriz for Mas'ud Khan-e 'Adl], Khordad 24, 1311[June 14, 1932].

91 The Zirab coal reserve was estimated at a definite 16 million tons and 65 million tons possible reserve. The projection was extracting 60,000 kharvar of coal by 1935. The Zirab and Golandrud coal reserves mostly supplied fuel to Parchebafi Shahi enterprise, Chitsazi-ye Behshahr enterprise, and Gunibafi Shahi enterprise. See Mohammad Taqi Razavyan, Manabe'-e Energi-ye Iran [The Energy Sources in Iran] (Tehran: Entesharat-e Daneshgah-e Azad-e Eslami Vahed-e Tehran, 1373[2004]), 50; Fathollah Sa'adat and Amirhoshang Amiri, Joghrafya-ye Eqtesadi-ye Iran[Economic Geography of Iran] (Tehran: Entesharat-e Daneshkadeh-ye 'Olum-e Ertebatat-e Ejtema'i, 1350[1971]), 104; Coal Production Forecast for Zirab Coal Mine, 1313[1953], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran: 1300 to 1332 [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 124.

92 1 toman=10 rials; US\$1 was around 16.35 rials. See Mohsen Bahmani-Oskooee, History of the Rial and Foreign Exchange Policy in Iran, Iranian Economic Review 10, no. 14 (Fall 2005): 4.

have an annual extraction 65,000 kharvar<sup>93</sup> of coal by 1935.<sup>94</sup> The National Parliament allocated the budget annually and distributed funds acquired from different sources.<sup>95</sup> For instance, they passed a bill in 1928 to allocate 200,000 tomans<sup>96</sup> to develop the Shemshak coal mines project and construct the Shemshak road, from the Mines Department's expenditure which was under the Ministry for Public Interests. The sum was obtained from state income from exclusivity on sugar and sugar cubes.<sup>97</sup> The state's contribution led to a significant increase in coal mining so that the 5000 tons of coal annually extracted by the state companies in 1938 jumped to 64,000 tonnes in 1939 and was estimated to increase up to 100,000 tonnes in 1940.<sup>98</sup>

Following governmental restructuring, aimed at increasing institutional efficiency, the Ministry of Economy was disbanded and replaced by the three separate administrative offices of San'at VA Ma'dan [Industry and Mining], Falahat [Agriculture], and Tejarat [Commerce] in 1936. The management of mining affairs was transferred to a dedicated Mines Department, headed by Mr Zahedi. It was approved that the department's budget should be acquired from

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93Kharvar is an old unit of weight measurement. 1 kharvar= 300 kg.

94 The forecast for coal production in Shemshak Coal Mine, 1313[1953], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran: 1300 to 1332 [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 124-125.

95 Bayat (Raeis-e Sana'at VA Falahat [Head of Office of Industry and Agriculture]). See Mashrohe-Mozakerat-e Majles-e Shora-ye Melli [The Full Text of Negotiations in National Parliament] Dorh-ye 9[Period 9], Jalseh-ye 69[Session 69], Esfand 13, 1312[March 4, 1934].

96 US\$1 was around 11 rials. See Mohsen Bahmani-Oskooee, History of the Rial and Foreign Exchange Policy in Iran, Iranian Economic Review 10, no. 14 (Fall 2005): 4.

97 The credit law for 200,000 tomans for the exploitation of Shemshak coal mines and construction of Shemshak road and the expenditure of the Mines Department.

98 Ministry of Work and Art, Discovery and Exploitation of the Mines in Iran, 1318[1939], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran: 1300 to 1332 [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 88.

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the income of three state coal mines: Shemshak, Gajereh, and Lalun.<sup>99</sup>

Thereafter, the mining department was subsumed into the Ministry of Work and Art in 1936, remaining under the control of that ministry until 1947 when it became part of the Institute of Industrial Affairs.

After the passing of the first mining law, an outline plan was drafted for a coal-fuelled steelwork to be built in city of Karaj. Copper refining also commenced in the Ghaniabad plant at Shahr-e Rey in southern Tehran.<sup>100</sup> The plant had been designed for daily production of 3.5 tonnes of refined copper for military use, supplied with raw material from different mining sites but predominantly Anarak mine, which was in the Isfahan province of central Iran.<sup>101</sup> According to a report of the Mines Headquarters in 1939, 260 tonnes of copper were produced in 1938, 500 tonnes in 1939, and a projected 1200 tonnes in 1940.<sup>102</sup>

Along with the industrial expansion and mining development, Iran's first law dealing with mines was made by the National Parliament on 11 February 1939.<sup>103</sup> The government was prompt in considering the necessity of mining regulation, and slightly less than six months later, on 5 June 1939, the Mine Exploration Law was issued by the Ministry

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99Seyed Mehdi Farokh, *Khaterat-e Syasi-ye Farokh* [Political Memoire of Farokh] (Tehran: Amirkabir, 1347[1968]), 298.

100 Mohammadali Kazemzadeh, *Tarikh-e Mes-e Sarcheshmeh-ye Kerman* [The History of Sarcheshmeh Copper Mine in Kerman] (Sherkat-e Melli Sanaye'-e Mes-e Iran, 1360 [1981]), 5.

101 A Report on Programme about Mining in Iran, 1319[1940], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran: 1300 to 1332* [Iran Mining Documents: 1921-1953] (Tehran: Sazeman-e Asnad-e Melli, 1376[1997]), 94.

102 Ibid., 88.

103 Mining Law, 1317/11/22 [11/2/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 11.

of Work and Art.<sup>104</sup> Thereafter, the Prime Minister approved the proposed Mining Code Legislation on 16 November 1939.<sup>105</sup>

Under the Iranian mining legislation, mineral resources were divided into three categories:

1-Construction materials such as decorative and crushed stone, gypsum, limestone, sand, and so on.

2-Mineral material for the production of metals including steel, chromium, manganese, cobalt, copper, nickel, antimony, tin, zinc, mercury, lead, gold, silver and platinum. Other minerals including nitrates and phosphates, alkali salts, magnesite, and mineral waters. Different types of solid fuels such as coal ore and lignite. Precious stones including, rubies, emeralds, diamonds, turquoise; other mines such as red soil, sulphur, and asbestos.

3- All oil materials, bitumen, natural gas, and mineral materials.<sup>106</sup>

The first technical regulation of mines was approved on two themes on 16 December 1939. First, it stipulated regulations for workers' health and safety, and secondly it covered the principles for exploration and extraction. It was considered progressive, in that it supported workers' rights against employers. The new regulations made employers responsible for working conditions and the safety of the workplace. They specified numerous matters including adequate lighting and ventilation in mines, the precise form and design of tunnels which should facilitate movement inside mine shafts and galleries, and communication with the surface in hazardous

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104 Mining Law, 1317/11/22 [11/2/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 14.

105 Mining Code Legislation, 1318/8/24[16/11/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 19.

106 Mining Law, 1317/11/22 [11/2/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 11.

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circumstances or in the case of accident. It also insisted on accessibility of medical treatment at the mine site with the continual presence of a doctor and surgeon assigned for any mine with more than 1,000 workers, a doctor alone designated for mines with between 300 and 1,000 workers, while if there were fewer than 300 workers there had to be a proper medical room with first-aid staff and a nurse permanently present. Article 44 of the regulations considered the living conditions of the miners, and held the employer responsible for temporary housing for miners in areas lacking accommodation. Finally, working underground was prohibited for children under 14 years old as well as for women.<sup>107</sup> The new law was immediately brought into effect in state mines, however it put no rigid pressure on the private sector to entirely follow the new rules, so that a distinction was generated between the condition of workers in state mines and private mines. The difference was expanded to the other industrial sectors, however mostly workers were deprived of appropriate working and living conditions.<sup>108</sup>

### **State Institutions and Formation of a Developmental Approach 1941-1963**

Iran's declaration of neutrality in WWII did not shield it from that war's adversities. The Great Powers had been planning to depose

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107 Mining Code Legislation, 1318/8/24[16/11/1939], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 19-25.

108 As an example, in 1942 in a petition to the Prime Minister the workers of the Pashmbaf textile factory in Isfahan complained about their harsh working conditions and low wages. In a letter they suggested that they were being treated worse than animals, complaining of 11-hour working days and in some cases even 24 hours, from a Thursday morning to a Friday morning. See Abdolmahdi Rajai, *Tarikh-e Nasaji-ye Isfahan dar Doreh-ye Qajar va Pahlavi be Reva'iat-e Matbu'at va Asnad*, *Nameh-ye Kargaran be Nokhost Vazir*, Sal-e 1321 [The History of Textile Industry in Isfahan during Qajar and Pahlavi based on the News Narratives and Documents] (Isfahan: Jahad-e Daneshgahi-ye Isfahan, 1392[2013]), 717-718.

Reza Shah for some long time, and the outbreak of War together with Iran's geopolitical position therefore provided a pretext to occupy the country. Accordingly, on 25 August 1941, the Soviet Union overran Iran from the north while British forces entered from the south. This incursion of the two superpowers decimated the Iranian army and the country came under the control of the Allies, who immediately forced a power shift within the political system: Reza Shah was coerced to resign in favour of his son Mohammad Reza.

Mohammad Reza Pahlavi was a faithful successor who followed his father's style of governing the country. Socially and culturally he implemented secular principles and became more moderate than his father in his attitude to religion. Economically, he accelerated the growth of the industrial sector and supported foreign investment.

A series economic and political crisis marked the start Mohammad Reza Pahlavi's reign. Contrary to the post-war economic depression, the structural conditions in Iran paved the way for a more liberated political atmosphere. Authority had not entirely been in the Shah's hands from 1940 to 1953 with other power centres, such as the Royal Court, the Cabinet, Parliament, and even street politics considerably manipulating domestic political relations.<sup>109</sup> This created an opportune moment for noblemen to empower their statues in the power structure. They also seized the chance to expand their financial fortunes while the ordinary people and lower classes toiled under the pressure of poverty.<sup>110</sup>

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109 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 99.

110 A wide inequality in wealth distribution and class distinction was on the rise, which a British diplomat described as like "the Britain before 1832 when there were two main classes in society, one was living in power and wealth, the other was completely powerless and survived in absolute poverty. Although that diplomat's comment had not been prompted by any especially close observation, and in

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The main body of authority, under the rule of the young, western-educated Mohammad Reza Shah, flouted the importance of planning. However, on his first visit to the United States in 1950, the Shah was inducted in the various elements of governing, including the essential role of planning, particularly a comprehensive plan for development.<sup>111</sup> Abolhassan Ebtehaj<sup>112</sup> then seized his chance to convince the authorities that Iran's economy should be run under the guidance of an independent body, the Budget and Plan Organisation, when it was finally introduced.

The emergence of professionalism and the growth of expertise drove the authorities to appoint specialists to run state organisations in Reza Shah's era; however, this was not broadly accepted by some of the chief authorities. Abolhassan Ebtehaj was the first technocrat to suggest the idea of planning for development to the Prime Minister, Hossein 'Ala.<sup>113</sup> The Prime Minister in turn discussed the matter with Reza Shah himself, and the king responded positively. That opened the way for technocrats and experts to penetrate the government decision-making apparatus and formulate a regular procedure for the planning system. However, until the end of the WWII it remained no more than an idea, with almost nothing substantial put into practice. Following WWII, in 1946, the High Economy Council was

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fact ignored the diversity and dynamics of Iranian society, it certainly made an undeniable point about high economic inequality. See FO 371/Persia 1942/34-31402, British Consul in Kermanshah, Monthly Diary (October).

111 Abolhassan Ebtehaj, *Khaterat-e Ebtehaj* [Ebtehaj Memoires] (Tehran: Entesharat-e 'Elmi, 1375 [1996]), 330.

112 Ebtehaj was one of the most influential technocrats in the Pahlavi era. He made a profound contribution to Iranian economic development. He was the governor of Bank-e Melli, then later he founded the Budget and Plan Organisation and he was appointed as the first head of it from 1954-1959.

113 Habib Lajevardi, *Projeh-ye Tarikh-e Shafahi-ye Iran: Goftogu ba Abolhassan Ebtehaj*, Vol. 4 [The Iran Oral History Project: Conversation with Abolhassan Ebtehaj, Vol. 4]; Gholamreza Afkhami, *Tose'eh dar Iran: 1320-1357*; *Khaterat-e Manuchehr Godarzi*, Khodadad Farmanfarmaian, Abdolmajid Majidi [Development in Iran: The Memoirs of Manuchehr Godarzi, Khodadad Farmanfarmaian, Abolhassan Ebtehaj] (Tehran: Gam-e No, 1381[2002]).

established and the first development plan was drafted. According to Jorjb Baldovi, the head of first Advisory Group of Harvard in Iran: “The first seven-year development plan focused on the years 1948-1955 called for public investment expenditure of 21 billion rials (\$656 million) which later increased to 26.3 billion rials.”<sup>114</sup> The plan was made up of two sections covering economic development and social development. The former contained a construction programme, development of water resources, agricultural development, modification and development of new industries, development of communications and infrastructure. There were also to be efficient postal services, telephone and telegraph communications, roads, railways, ports and airports. The management of mines and factories came under the Budget and Plan Organisation. A budget of 3000 million rials was allocated for mining and industrial development, with the major share allotted to industry.<sup>115</sup> The actual expenditure was only 16 percent of the planned investment for the whole seven-year period.<sup>116</sup> The plan also had social aims including the development of services for health, education and culture as well as planning for improving public wealth, living conditions, and employment.<sup>117</sup>

The first plan did not meet its goals, due mainly to Iran-Britain crisis caused by the nationalisation of Iran’s oil, as well as political turbulence created by the US and Britain who orchestrated a coup in

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114 Ahmad Al-e Yasin, *Tarikhcheh-ye Barnamehrizi-ye Tose‘eh dar Iran* [History of Developmental Plan in Iran] (Tehran: Nashr-e Semr, 1392 [2013]), 71; Farhad Daftari, “Development Planning in Iran: A Historical Survey,” *Iranian Studies* 6, no. 4 (Autumn 1973): 179.

115 *Majaleh-ye Burs* [Burs Magazine], no. 57, Ordibehesht 1347 [April 1968], 83.

116 Farhad Daftari, “Development Planning in Iran: A Historical Survey,” *Iranian Studies* 6, no. 4 (Autumn 1973): 179.

117 Ahmad Al-e Yasin, *Tarikhcheh-ye Barnamehrizi-ye Tose‘eh dar Iran* [The History of Developmental Plan in Iran] (Tehran: Nashr-e Semr, 1392 [2013]), 64-65.

1953 against the Prime Minister, Mohammad Mosaddeq, 1951-1953. Mosaddeq was an anti-imperialist and nationalist politician who followed a negative equilibrium doctrine, which advocated avoiding an alliance with either the US or the Soviet Union, in the dichotomy of world power after WWII. It was a time which inevitably drew developing countries to ally with one side or the other, while Mosaddeq averred that any such alliance would yield the ground for foreign intrusion in Iran domestic affairs.<sup>118</sup>

Mosaddeq also insisted on nationalising Iran's oil industry which was under the dominance of the British. That coincided with Britain's faltering supremacy in the world, therefore, the nationalisation of oil could trigger a decline in Britain's global authority if it lost control over an extensive source of the most strategic commodity of the 20th century. To thwart Mosaddeq, Britain promptly imposed hefty sanctions against the sale Iran's oil, and threatened to make an official complaint to international organisations against countries which dealt with Iran. The British threat was effective and the embargo in effect turned into a heavy international sanction against Iran.

Moreover, the Tudeh Party of Iran (Iran's Communist Party) widely expanded its network in state institutions, crucially in the Iranian armed forces as well as among society in general. The increasing power of the Tudeh Party as well as Jebheh-ye Melli-ye Iran (Nationalist Front of Iran) posed a grave threat to the interests of Iranian conservatives, including the Royal Court, as well as foreign powers such as the US and Britain. Therefore, the two foreign powers

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118 Stephen C. Poulson, *Social Movements in Twenty Century Iran: Culture, Ideology and Mobilising Framework* (London: Lexington Books, 2006), 168.

colluded with internal conservative forces to plot a coup against Mosaddeq, which will be explained later.

The oil embargo prompted the Iranian government to expand its sources of income, therefore mining again became the focus of the state's attention. The state established the Mines Council in early 1952, whose members comprised the Minister of National Economy or deputy, the head of the Budget and Plan Organisation or deputy, a representative of the Ministry of Finance, the managing director of Qeshm and Hormozgan Mines Corporation, and the managing director of the Discovery and Extraction of Mines Agency.

The state passed a bill to protect the rights and the interests of both the owner and the exploiter of mines under three categories: construction mines, metal mines, and oil and radio-active mines. There was no restriction on the exploitation of construction mines and there was no need to apply for an exploitation licence, but the owner had to release 5 percent of the extracted mineral to the state or to pay the equivalent market price. The exploitation of metal mines was allowed by either a state or a private company, depending on who was granted a licence. However, the exploiter had to assign 4 percent of the extracted minerals, or pay its equivalent market price, to the state. Oil and radio-active mines were public property and the state was the only legitimate party permitted to exploit those mineral resources. The exploitation licence holder of the first and second categories was obliged to pay 10 rials per 1 km<sup>2</sup> of the mine area to the Ministry of Finance. Also, the first category had to pay a stipend of 2 percent of the extracted mineral as a royalty disbursement to the land owner.

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This same percentage was paid to the state by the second category as ground rent.

Moreover, to protect the discoverer's rights, the exploiter was bound to give 0.5 percent of the extracted mineral, or its equivalent market price, to the discoverer. The exploration licence was issued for a maximum of 30 years. According to the law, 25 percent of the state income from non-oil mineral resources was allocated to mining development for such purposes as equipping exploring machines and mapping instruments.

The Mines Council's incentive policy played an effective role in the expansion of mining among the private sector, so that there was a dramatic growth in the number of applications for exploration licenses in the years 1953-56 (See table 2). The 44 active mining companies in 1950 increased to 105 in 1953 and the companies' capital rose from 506 million rials to 664 million rials.<sup>119</sup>

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119 Farshad Moemeni and Bahram Naqsh Tabrizi, *Eqtesad-e Iran dar Doran-e Dowlat-e Melli* [Iran's Economy during the National Government] (Tehran: Nahadgera, 1394[2015]), 105.

**Table 2: The Number of Requests for the Issuance of Discovery License for the Mines of Group Two**

| <b>Year</b>      | <b>Number of Submitted Applications for Discovery Licenses</b> | <b>Number of Issued Discovery Licenses</b> |
|------------------|----------------------------------------------------------------|--------------------------------------------|
| <b>1940-1946</b> | 67                                                             | 27                                         |
| <b>1947-1951</b> | 640                                                            | 312                                        |
| <b>1952</b>      | 1217                                                           | 465                                        |
| <b>1953</b>      | 1618                                                           | 1186                                       |
| <b>1954</b>      | 1315                                                           | 1197                                       |
| <b>1955</b>      | 1592                                                           | 870                                        |
| <b>1956</b>      | 3320                                                           | 1143                                       |
| <b>1957</b>      | 1084                                                           | 837                                        |
| <b>1958</b>      | 1341                                                           | 824                                        |
| <b>1959</b>      | 512                                                            | 507                                        |
| <b>1960</b>      | 486                                                            | 406                                        |
| <b>1961</b>      | 416                                                            | 324                                        |
| <b>1962</b>      | 461                                                            | 332                                        |
| <b>1963</b>      | 342                                                            | 264                                        |
| <b>1964</b>      | 464                                                            | 328                                        |
| <b>1965</b>      | 948                                                            | 508                                        |

Source: Farshad Moemeni and Bahram Naqsh Tabrizi (1394) [2015]: 105.

While Mosaddeq's foreign policy raised trepidation among the superpowers, his internal politics also challenged the dominant political structure in his government and caused unease among social groups. Mosaddeq intended to revive the lost attainments of the Constitutional Revolution (1905-1909) by empowering of the parliament and limiting the Shah's authority.<sup>120</sup> This was met with noticeable resistance from internal powers such as the conservatives and the Royal Court. During his time as an MP, Mosaddeq

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<sup>120</sup> Fakhreddin Azimi, *Iran the Crisis of Democracy: From the Exile of Reza Shah to the fall of Musaddiq* (London: IB Tauris, 2009), 159.

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represented the bazaari middle class traders against the interests of big businessmen, who were considered to be taking fraudulent or shady benefits from their powerful positions.<sup>121</sup> Once, he questioned the Minister of Finance about the reasons for issuing permits to import textile material to only a few big businessmen, which prompted an immediate backlash from the board of directors of the Chamber of Commerce.<sup>122</sup> Their challenges continued until Mosaddeq became Prime Minister, when the government increased the number of representatives on the Tehran Chambers of Commerce from 15 to 30 – to include representation from trade unions, transport institutions and insurance companies, along with state institutions such as Bank-e Melli (Melli Bank) and the Ministry of Economy.<sup>123</sup> Non-members of the Chamber of Commerce—individuals therefore with no commercial licence—were also invited to join the commission of taxpayers. This empowered middle-class traders in the Chamber of Commerce, who originated from the Bazaar, to compete with the representatives of big business in the Chamber of Commerce election. However, the big business owners did not retreat and Mosaddeq's policies turned them against him, their enmity clearly displayed in their support of the 1953 coup.<sup>124</sup>

Ultimately, US intelligence services with cooperation from the British and some internal forces, orchestrated a coup on 19 August 1953 in

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121 Hossein Keyostovan, *Syasat-e Movazeneh-ye Manfi dar Majles-e Chahardahom II* [The Negative Equilibrium Policy in 14th National Parliament II] (Tehran, 1329[1950]), 192-203.

122 Ahmad Ashraf, *Chamber of Commerce, Industries and Mines of Persia*, in *Encyclopaedia of Iranica*, Vol. V, (Berkeley: Mazda Press, 1992), 354-58.

123 *Qanun-e Tashkil-e Otaq-e Bazargani va Sanaye' va Ma'aden-e Iran va Zama'em-e An* [The Law of Establishment of Chamber of Commerce, Industries, and Mining in Iran], *Zamimeh-ye Hafteh Nameh-ye Otaq-e Bazargani va Sanaye' va Ma'aden-e Iran*, 1366 [1987], 17-27; Aliasghar Sa'idi and Fereydon Shirinkam, *Moqe'iat-e Tojar va Saheban-e Sanaye' dar Iran-e Asr-e Pahlavi: Zendegi va Karnameh-ye Haj Mohammad Taqi Barkhordar* [The Status of Traders and Industrial Owners in Pahlavi Era: The Life and Business History of Haj Mohammad Taqi Barkhordar] (Tehran: Gam-e No, 2009[1388]).

124 Ahmad Ashraf, *Chambers of Commerce*, *Encyclopaedia of Iranica*, 354-58

favour of Mohammad Reza Shah. Mosaddeq was then imprisoned and the Shah returned to power. Subsequently, the Shah's suppressive measures produced a despondency in society, with an estimated 13,000 political prisoners being incarcerated after the coup. Many supporters of Mosaddeq and the Tudeh Party were put on trial and some were executed, while Mosaddeq himself received a three-year prison sentence, after which he was under house arrest at his Ahmadabad residence until his death on 5 March 1967.

The 1953 coup, and the nationalisation of oil—which cut off the UK's access to it—led to a change in the dominant foreign superpower in Iran, from the UK to the US.<sup>125</sup> The US concern was that Soviet Union interference in Iran's political forces empowered the Tudeh Party, exerting more control over Iran's political scene. As a result, the US government thereafter played a more effective role in the political orientation of the country.

After surviving the turbulence of sanctions, the country gradually returned to more normal conditions and once again Iranian oil found its way onto the international market. The rapid rise of Iran's oil income promptly highlighted the vital position that oil held in the Iranian economy. Oil revenue increased from \$22.5 million in 1954 to nearly \$342 million in 1962.<sup>126</sup> The aftermath of the coup proceeded without critical financial problems. However, it did not take long for

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125 Fakhreddin Azimi, *Iran the Crisis of Democracy: From the Exile of Reza Shah to the fall of Musaddiq* (London: IB Tauris, 2009), 159.

126 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran [The Second Wave of Authoritarian Modernisation in Iran]* (Tehran: Nilufar, 1392 [2013]), 36-37.

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the rising cost of living from 1957 onwards to increase the workers complaints and strikes.<sup>127</sup>

The Shah increasingly tended to expand his authority through restructuring the political power. He constrained labour activities and newspapers were subjected to strict censorship. The labour unions were also banned. The Shah then established a security organisation, titled SAVAK, in 1957 to conspire with the Ministry of Labour to monitor trade unions.<sup>128</sup>

Once directing Iran's political arena, the foreign superpowers, mainly the US, initiated soft power tactics in an attempt to safeguard Iran from the socialist movements. The US focused on creating apposite social and economic conditions in their targeted societies including Iran and undeveloped and developing countries, such as arranging financial and planning support in the hope of generating wealth and prosperity for the masses and thereby steering them away from the Soviet bloc.

The US consultation and technical assistance was concealed under what was called the Point Four Program,<sup>129</sup> and concrete plans were later discussed and conceptualised under the guise of 'Modernisation Theory'.<sup>130</sup> A team of US experts and consultants was convened for Iran, meanwhile a group of well-educated local technocrats emerged to steer Iran's economy towards greater development. The US paid

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127 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 422.

128 SAVAK is abbreviation of Sazeman-e Etelea'at VA Amniat-e Keshavr [Organisation of Intelligence and National Security].

129 Raymond H. Geselbracht, *Foreign Aid and Legacy of Harry Truman* Vol. 10 (Florida: Truman State University Press, 2015), 206

130 Colin Leys, *The Rise and fall of Development Theory* (Indiana: Indiana University Press, 1996), 9. Also see Roland Popp, *An Application of Modernisation Theory during the Cold War? The Case of Pahlavi Iran*, *the International History Review* 30, no. 1(March 2008): 76-98.

more economic and technical aid to Iran than any other country in Africa and the Middle East, except Turkey; around more than 1 billion US dollars from 1950 – 1964.<sup>131</sup>

Even though the first development plan did not reach its aspirations—mainly because the nationalisation of oil crisis significantly dropped state income—the economic team concentrated on designing the second comprehensive development plan. Abolhassan Ebtehaj was appointed as the head of the Budget and Plan Organisation in 1955, and the second development plan was drawn up, for 1955-1962.

The second plan was approved for 84 million rials of credit and targeted numerous projects including Karaj's large dam, the Sefidrud and Dez dams, the 22,500 hectare Dez trial irrigation network, the Haft Tapeh Cane Sugar Agro Industry Plan, the Golpayegan, Bampur and Karkheh dams, the 900 km long Myaneh, Tabriz, Shahrud, and Mashhad railways, a 2700 km asphalt road, Abadan, Shiraz and Isfahan airports, textile factories, cement factories, a sugar beet factory and some other economic developments.

The second plan achieved more than the first one, however it was still general rather than focusing on specific goals. The objectives of the second plan were as follows: to increase production, improve and expand exports, develop agriculture and industry, exploration and extraction of mines, to improve communications, public health and living conditions, and culture.<sup>132</sup> Apart from economic and social achievements in the second plan, it was an unspoken agenda that the body of authority should learn to trust the planning process.

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131 George Benedict Baldwin, *Planning and Development in Iran* (Baltimore: John Hopkins University Press, 1967), 315.

132 Budget and Plan Organisation, *Report on Executing the Second Seven Plan* (1964), 2.

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A turn in economic policy led to a focus on industry and mining. In mining, two state companies — Sherkat-e Ma‘aden-e Zoghal-e Sang [Coal Mines Company] and Sherkat-e Ma‘aden-e Felezi va Ekteshafat [The Company of Explorations and Metal Mines] — were combined, and a new company was established called Sherkat-e Ma‘aden va Zob-e Felezat [Mines and Metal Melting Corporation]. As it was the intention to establish a steel industry, for which both iron ore and coal were required, the amalgamation of the two companies seemed to be more efficient and would make for better cooperation.<sup>133</sup> A total amount of 6801 million rials was allocated for industrial and mining plans out of which 240 million rials were allotted to mining development.<sup>134</sup>

A growth in oil revenue, together with foreign loans and aid, especially from the US, made the Shah’s economic policies more plausible. The state launched expansionary policies and supported the opening of the country’s doors to encourage imports as well as direct foreign investment.<sup>135</sup> Ninety-two million dollars’ worth of oil revenue in 1955 rose to 288 million dollars’ worth in 1960, while growth in imports was considerable, rising from 10 million rials in 1955 to 52.6 million rials in 1960.<sup>136</sup> Foreign investment in the banking sector rose rapidly in the mid-1950s, although direct foreign investment in manufacturing was insignificant before the mid-

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133 Keramatollah Alipur, *Tarikh-e Zaminshenasi VA Ma‘dan dar Iran* [History of Geology and Mine in Iran] (Tehran: Sazeman-e Zaminshenasi VA Ekteshafat-e Ma‘dani, 1380[2001]), 343.

134 *Majaleh-ye Burs* [Burs Magazine], no. 57, Ordibehesht 1347[April 1968], 83.

135 Parvin Alizadeh, “The Process of Import Substitution Industrialisation in Iran with Particular Reference to the Case of Vehicle Motor Industry” (PhD diss., Sussex University, 1984), 114.

136 Julian Bharier, *Economic Development in Iran 1900-1970*, (London: Oxford University Press, 1971), 106. The average currency rate US\$1=76 rials. In Homa Katouzian, *The Political Economy of Modern Iran: Despotism and Pseudo Modernism 1926-1979* (London: Macmillan Press Ltd, 1992), 252.

1960s.<sup>137</sup> Simultaneously with the industrial improvement, there was a considerable reduction in agriculture's share of the GDP from 30.4 percent in 1959 to 18.1 percent in 1970, while the stake of a group of economic activities including manufacturing, mining, electricity, water and power, transport and communication increased slightly from 22.5 to 25.9 percent.

The rise of oil revenue impacted on the growth of imports for domestic consumption as well as investment. It also contributed to the development of an Iranian industrial bourgeoisie which first appeared from the 1930s with Reza Shah's economic policies.<sup>138</sup>

### **Mine Workers 1941-1963**

The destructive consequences of the WWII devastated the lives of ordinary Iranians including workers during the five years of occupation, from 1941-1946. There were countless civilian fatalities and casualties, the country plummeted into social and economic crises, state income dropped and the government confronted a huge deficit and high inflation.

Moreover, the majority of the country's resources were allocated to service of the allies, leaving people in some parts reduced to famine.<sup>139</sup> Limited cereal resources, as well as a rapid growth in bread consumption with the influx of foreign troops, incited bread riots in some cities, although it may be said that hoarding of wheat and other cereals was the root cause of the shortages. To survive the famine, the

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137 Parvin Alizadeh, "The Process of Import Substitution Industrialisation in Iran with Particular Reference to the Case of Vehicle Motor Industry" (PhD diss., Sussex University, 1984), 116.

138 Ibid., 121.

139 For instance, see Kayhan Newspaper, "Qahti dar Fars" [Famine at Fars Province], Kayhan Newspaper, no 24, Tir 2, 1321[June 23, 1942], 4; Kayhan Newspaper, "Fars Misuzad" [Fars Province is Devastated], Kayhan Newspaper, no. 27, Tir 6, 1321[June 27, 1942], 1.

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state rationed bread in most cities including Tehran, with workers being allocated 800g daily, the rest of the adult population 400g and 200g for children.<sup>140</sup>

The war also severely threatened public health across the country. The Minister of Health, Ali Asghar Hekmat, wrote to the Prime Minister that typhus was spreading, and that it was highly probable that there would be epidemics of other contagious diseases given the large number of foreigners entering the country.

Furthermore, paucity of food and the consequent malnutrition was expected to weaken the society's immune system and resistance to all diseases.<sup>141</sup> There was also a scarcity of medicine, the allies having taken possession of hospitals to press them into their war service. That too played a significant role in the spread of debilitating diseases throughout the country.<sup>142</sup>

The mineworkers, like most workers in other sectors, came under pressure during these harsh wartime conditions. The fragile economy sometimes prevented the government from providing them with even essentials. For instance, the Anarak mines could supply food for only two days to 2,500 miners and their families.<sup>143</sup> The government was responsible for supplying their monthly inventory including wheat, 30,000 kg; rice, 3,000 kg; grain 6,000 kg, and oil 1000kg which

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140 Etela'at Newspaper, no. 5071, Azar 11, 1321[December 2, 1942], 1.

141 111003-278, Archive of Presidency Institute, letter of Ali Asghar Hekmat to Prime Minister, dated: 21 Farvardin 1321.

142 Kayhan Newspaper, "Dar Baharestan" [in The Parliament], Kayhan Newspaper, no. 24, 2 Tir, 1321[June 23, 1942], 2-4; Behruz Taiarani, Taesir-e Jang-e Jahani-ye Dovvom bar Behdasht-e Mardom [The WWII's Impact on Public Health], Ganjineh-ye Asnad, no. 33-34 (Spring and Summer 1999): 96-97.

143 A Telegram from Sadri to the Ministry of Finance, 1321/7/4[26/8/1942], in Mahshid Latifinya, Asnad-e Ma'aden-e Iran 1300-1332, 70.

usually came from the major city of Isfahan.<sup>144</sup> Even though the state was required to allocate a monthly budget for the food beforehand, the correspondence displayed that the Anarak mines did not receive supplies on time.

Some mines were unable to withstand the pressure of a lack of buyers, falling prices, and rising costs which made the mineworkers' jobs vulnerable and insecure. Mine closures or job losses among mineworkers occurred frequently during that period, for instance, at the Farmand Chromite Mine<sup>145</sup> at Sanjabad, the copper and lead mine in Khalkhal,<sup>146</sup> the Baycheh-bagh Copper Mine in Zanjan,<sup>147</sup> and Songun Copper Mine at Arasbaran in the Azarbaijan province.<sup>148</sup> All those mines were closed and their workers dismissed. However, outright closure was not always the ultimate consequence for every mine. Some shifted the pressure to their labour force by firing workers, or delaying payment of wages until there was a financial improvement or perhaps financial support received from the state. As an example, the Anarak mines deferred payment of workers' wages for six months in 1945-1946. In a petition to the National Parliament the Anarak mine workers detailed their families' subsistence: they were hungry and people's lives were at risk.<sup>149</sup> This petition exhorted the government to make an order for payment; however it was not fulfilled for a further four months. The governor of Yazd meanwhile

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144 Letter from the Ministry of Work and Art to the governor of the tenth province, 1321/2/27 [21/4/1942], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 68.

145 Letter from the Ministry of Commerce, Work, and Art to Prime Minister, 1322/11/19[22/1/1944], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 66.

146 Letter from Qaghazkanan Governor to Khalkhal Governor, 1329/5/27[18/8/1950], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 111.

147 Rabi' Badi'i, *Joghrafya-ye San'ati-ye Iran [Industrial Geography of Iran]* (Tehran: Entesharat-e Omur-e Tose'eh-ye Ensani, 1338[1959]), 260.

148 *Ibid.*, 260.

149 Telegram from Anarak Mine Workers to National Consultative Assembly, received date 1324/8/30 [23/10/1945], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 71.

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declared that the 500,000 rials disbursement was spent on food for the workers, which left no remuneration for their wages.<sup>150</sup> In another case, Abbasabad copper mines' delayed payment of wages caused unrest among the workers. Since the cost of copper had increased and the Iranian Army, as the main purchaser and consumer of the copper from both mines, was in deficit, no customers effectively existed for the copper. A few months later, the mines of both Anarak and Abbasabad could no longer sustain the economic pressure, so reduced their labour forces.<sup>151</sup>

The miners' methods of making demands were not always determined by petitioning. Sometimes they applied more radical approaches including protest and strike, as occurred at the Shemshak Coal Mine on 18 November 1945, when miners protested over the four months' delayed wage payment. This campaign escalated into a bloody clash which culminated with one dead and 20 injured.<sup>152</sup> Sometimes the miners were also embroiled in political action and armed confrontation against the government. In a telegram to the Prime Minister on 22 November 1945, in addition to support for the Zirab and Golandrud miners who had not been paid for four months, the workers demanded that "all banned newspapers of Jebheh-ye Azadi [Liberty Front] and all banned clubs of freedom-loving parties must be allowed to resume their activity. Moreover, all detained people and workers must be released."<sup>153</sup> However, this telegram was sent not by

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150 Telegram from Yazd Governor to Prime Minister, 1324/12/20[20/2/1946], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 72.

151 Letter from Ministry of Work and Art to Prime Minister, 1325/3/9[30/5/1946], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 72.

152 Letter from Head of Coal Administrative to Head of Mining Department, 1324[1945], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 165-166.

153 Telegram from Mazandaran Workers to Prime Minister, received date 1324/9/1[22/11/1945], in Mahshid Latifinya, *Asnad-e Ma'aden-e Iran 1300-1332*, 166-167.

the miners but was addressed from “all the workers in Mazandaran province” and signed by 42 workers. The last lines of the telegram were imbued with threat, articulating that if their demands were not considered, there would be a forceful reaction by the nation. The miners’ resistance inspired intellectuals and writers, as reflected in literary form including a short story, fiction and a poem. For instance, in his collection of seven short stories, named ‘Az Ranji keh Mibarim’ [From What We Are Suffering], Jalal Al-e Ahamad dedicated the first two stories, ‘Dareh-ye Khazanzadeh’ [The Fallen Valley] and ‘Zirabiha’ [People of Zirab] to the miners’ struggle against the state.<sup>154</sup>

The stories echo a real incident: a bloody, armed confrontation at Zirab Coal Mine in Mazandaran province on 3 December 1946[12 Azar 1325]. A critical realism framed the writer’s imagination, taking incidents from the outside world to create a story. The author praises the miners’ resistance which was contrary to the narrative of the state apparatus. State-orientated news published in a Kayhan newspaper expounded that some miners were killed in an unsuccessful attempt to unarm the mine’s guards.<sup>155</sup> In reality, the state arrested the rebels, which led to the execution of some offenders and imprisonment of

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154 Jalal Al-e Ahmad, *From What We Are Suffering*, second edition (Tehran: Amirkabir, 1357[1978]). The first edition was published in 1947. Publication of the book was banned at the fifth meeting of Shora-ye Vaziran [Council of Ministers] held on 26 Shahrivar 1357[17 September 1978]. However, along with the rising of revolutionary protests, which led to undermining political stability, the book was permitted to be published later. See Ebrahim Safai, *Chehel Khatereh AZ Chehel Sal [Forty Memories from Forty Years]* (Tehran, Entesharat-e E’lmi, 1374[1995]), 175. Jalal Ale Ahmad (1923-1969) was a prominent Iranian author and social critic whose ideas along with Ali Shariati, another Iranian intellectual, shaped a hegemonic discourse called Bazgasht be Khishtan [Return to The Self] in the Iranian intellectual milieu. He was primarily a leftist and a member of the Tudeh Party of Iran. He was a spokesman for the party and editor of its publications such as *Rahbar* and *Mardom*. Al-e Ahmad left the Tudeh Party of Iran in 1947. He published more than 20 volumes of work including essays, reviews, translations, travel journals, and fiction.

155 Kayhan Newspaper, “Hadeseh-ye Zirab” [Zirab’s Incident], Kayhan Newspaper, no. 1118, 16 Azar 1325[7 Dec. 1946], 4.

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many. State forces also abducted around 40 people along with their families.<sup>156</sup> In an interview, the Minister of Labour and Publicity claimed:

” The people who were executed, imprisoned, or abducted were not mineworkers, but a group who had plotted an armed riot against the national security. We discovered numerous guns, pistols and explosives. They intended to plotting a coup by blowing up the train station and the bridges.”<sup>157</sup>

It must be emphasized that militancy was not common practice among the miners, who rarely even crossed the government’s red lines or infused their protests with political demands, mostly making petitions through their trade union, wishing to care for their families and shield them from ever-worsening deprivation. The rhetoric of grievances was usually peaceable with no intimidating language from the side of the workers. Even under radical conditions, their correspondence usually conveyed a bottom-up view. For instance, a petition from the Anarak Mine workers to the National Parliament reads as follows:

“Following a telegram dated 1324/08/20[11.11.1945], no money has been received by Anarak mineworkers for the four months of delayed wages. Hunger has spread throughout Anarak. The lives of thousands of workers and their families are in danger. We would ask the authorities to kindly consider our harsh conditions in this severe winter.”<sup>158</sup>

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156 Kayhan Newspaper, “Mosabeb-e Ghaeleh-ye Zirab Tab’id Mishavand” [Those Are behind Zirab Incident Will be Abdicated], Kayhan Newspaper, no. 1122, 19 Azar 1325[10 Dec. 1946], 4.

157 Kayhan Newspaper, Interview of the Minister of Labour and Publicity with the French News Agency Reporter, Kayhan Newspaper, no. 1135, Dey 5, 1325[December 26, 1946], 4.

158 Library, Museum and Document Centre of Iran Parliament.

Another telegram, from the Abbasabad Choghondarsar mineworkers to the Ministry of Labour and Art states:

“We, Abbasabad Choghondarsar mine workers, who live in a desert far from the cities, have not received our wages for five months and our indigence has heightened. We have been able to survive this living death by selling our possessions, but now our only chance is to bring our indigence to the attention of the authorities. We therefore ask you kindly to preserve the innocent women and children from a lingering death. Now that the Head of the mine has come to Tehran for that purpose, please take action to remit our delayed salaries.”<sup>159</sup>

The more liberated political atmosphere of the post-war period yielded ground to unify workers, leading to a re-emergence of the working-class movement. Shora-ye Markazi-ye Etehadyeha-ye Kargari [The Central Council of Labour Unions] represented 60,000 oil workers, 45,000 construction workers, 40,000 textile workers, 20,000 carpet and rug weavers, 11,000 dockworkers and 8,000 from mining. As the first major protest since the resignation of Reza Shah, 1,500 construction workers held a strike on 8 Feb 1942 in Tehran.<sup>160</sup>

The action ultimately came to a successful conclusion as the workers achieved their trade union demands. Iran's oil workers, the labour force of the country's most strategically significant industry, organised a strike on 1 May 1946. Oil workers marched at Abadan refinery, but there were no major clashes. However, on 14 July 1946, a general strike was instigated at Abadan which saw three days of bloody fighting, ending with 50 fatalities and 165 casualties.<sup>161</sup> That

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159 Library, Museum and Document Centre of Iran Parliament

160 Habib Lajevardi, *Labour Unions and Theocracy in Iran*, 37.

161 *Ibid.*, 129.

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is still the largest and bloodiest strike in the history of the Middle East.<sup>162</sup>

The 1940s and early 50s, up until the coup of 1953, was a radical time in workers' social and political activism. The number of major industrial actions in 1946 totalled 183, however that number fell to just eight in 1947. Then, economic pressure provoked a gradual increase in strikes, from four to five in 1948-1950 and soaring to 42 in 1951, 55 in 1952 and 71 in the first eight months of 1953.<sup>163</sup>

The Shah and the government applied various measures in an attempt to dominate those social groups who might have been effective in the political arena after the coup. This led to the dissolution of the unions and all labour activism was proscribed. The repression continued with minor action by the unions being under the control of the state and the Ministry of Labour.<sup>164</sup> At the same time, intelligence activity was expanded and major industrial centres were more closely controlled. SAVAK colluded with the Ministry of Labour in order to monitor trade unions, and as a result the 79 labour strikes that had occurred in the industrial sector in 1953 dropped to seven strikes in 1954, and a mere three in 1955-57.<sup>165</sup> However, the ban on trade unions did not prevent the workers from making non-provocative demands.<sup>166</sup>

Despite the inconstancy of labour activities throughout the 1940s and 1950s the workers' achievements had been significant. The first

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162 Touraj Atabaki, "Chronicles of a Calamitous Strike Foretold: Abadan, July 1946," in *On the Road to Global Labour History: A Festschrift for Marcel van der Linden*, ed. Karl Heinz Roth (Leiden: Brill, 2017), 93; John Foran, *Fragile Resistance: Social Transformation in Iran from 1500 to the Revolution* (Westview Press Inc, 1993), 279-280.

163 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 367.

164 Habib Lajevardi, *Labour Unions and Theocracy in Iran*, 201.

165 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 420.

166 Maral Jefroudi, "Revisiting the Long Night of Iranian workers: Labour Activism in the Iranian Oil Industry in the 1960s," *International Labour and Working-Class History* 84 (Fall 2013): 176-194.

comprehensive labour legislation in 1946, for instance, was an outstanding attainment. According to the first labour law, the maximum working hours must be dropped to 48 hours per week as well as having one day off for every six working days. Also, child employment was restricted with the legal working age becoming 12, although that could be reduced to 10 for apprenticeships. Moreover, the new law considered the issue of maternity leave which was a significant statement to secure the employment of women workers.<sup>167</sup>

During Mosaddeq's government, the first Workers Social Insurance Law was passed in 1952 coinciding with the establishment of the Organisation of Workers Social Insurances. According to this law, all enterprises and agencies mentioned in the labour law must insure workers for the following contingencies: accident, disease, disability and periods off work caused by work, family allowance, retirement, funeral expense payment, support for the family members of workers who die, and unemployment insurance.<sup>168</sup>

The new labour law improved conditions in some aspects, such as raising wages and stemming child labour in state enterprises, but it had less impact on enhancing safe working conditions in industrial plants, especially in the mining industry. There are no regular reports on incidents and casualties in the workplace, however sporadic news reports show that working conditions were inadequate. For instance, in a major explosive incident, some miners were killed at Golandrud Coal Mine in Mazandaran province in February 1953. Investigation

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167 Fatemeh Hormozi and Fatemeh Hajiha and Forugh Hariryan, *Seyr-e Tatavor-e Moqararat VA Sazman-e Ejtema'i-ye Kar dar Iran* [The Changes in Labour Law and Social Organisation of Work in Iran] (Tehran: Ta'min-e Ejtema'i, 1387[2008]).

168 Farshad Moemeni and Bahram Naqsh Tabrizi, *Eqtesad-e Iran dar Doran-e Dowlat-e Melli* [The Iran's Economy during the National Government] (Tehran: Nahadgera, 1394[2015]).

revealed that the ventilation system had broken down, so that flammable gas was discharged inside the tunnel. The glass of the only mining light had also been broken which led to the explosion of compressed gas.<sup>169</sup> In another accident, a few months later, 11 miners were killed when a tunnel collapsed at Gajereh Coal Mine in Northern Iran.<sup>170</sup>

### **The State and Expanding Mining Industry from 1960-1979**

The 1960s and 1970s are identified as the decisive decades in the contemporary history of Iran. The period started with the White Revolution, a series of top-down, radical social and economic reform programmes, and culminated in a political revolution which overthrew Mohammad Reza Shah in 1979. The country had remained politically steadfast until early 1978, with Amir Abbas Hoveida being the longest serving prime minister from 1965 to 1977.<sup>171</sup> Under his leadership, the state implemented effective developmental plans which resulted in rapid economic growth, and fostered a social policy in the 1960s which anticipated a promising future. The standard of living rose and elements of modernity changed the way of life, specifically amongst the urban middle class and some of the industrial working class.

Following the 1953 coup, and expansion of the US presence in Iran, American companies smoothed their path by making a huge

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169 Mardom-e Iran Newspaper, "Cheguneh Aram va Biseda Dastehjam'i Jansepordand, Amma che Hadeseh-ye Bozorgi bud Agar be Gosheh-ye Servat-e Bipayan-e Yeki Az Hezar Famil Chap Negah Mishod [They all Died in Silence, but Questioning about the Wealth of Oligarchy Would be a Big Incident]," Mardom-e Iran Newspaper, Esfand 4, 1331 [February 23, 1953], 2.

170 Mardom-e Iran Newspaper, Khordad 18, 1332 [8 June 1953], 2.

171 That was considerable in compare with the previous prime ministers during the past decades who hold the office for maximum three to four years.

contribution to business growth and industrial development. The infiltration started with the establishment of a consortium to control Iran's oil, so that British and American companies got an equal share of 40 percent each, whereas it used to be under Britain's control.<sup>172</sup> Iran-US trade then increased tenfold from 1967 to 1977.<sup>173</sup>

Although the US domination primarily favoured US interests, it was also supportive of Western countries generally, specifically with regard to the oil market. In effect, as Nikki Keddi states, the nationalisation of oil created concern among international powers, so they tried to avoid another critical threat by Iran's future leaders.<sup>174</sup> As a result, the US showed no desire to support a democratic political system in Iran, its intention being mainly to found an authoritarian regime in the aftermath of the coup.

A reshuffle in the structure of world power obliged Britain to re-evaluate its strategy in the Middle East. It then determined to reduce its presence in the region, which had been under its authority for a long period. The US strategy, based on Richard Nixon's doctrine, identified the two countries of Iran and Saudi Arabia as the gendarmes of the region to fill the power vacuum created by Britain pulling out of the Persian Gulf.<sup>175</sup> As a consequence, Iran became a crucial agent of US strategy in the region and negotiated a costly disbursement for training and equipping Iran's army. One of Iran's major contributions to preserving the Western-oriented order of the

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172 Nikki Keddie, *Modern Iran: Roots and the Results of the Revolution* (New Haven & London: Yale University Press, 2006), 132.

173 Gholamreza Karbaschi, "Ruzshomar-e Ravabet-e Iran va Amrika" [Timeline of Iran-US Relationships], *Yad* 51-52 (Autumn and Winter 1377[1998]), 205.

174 *Ibid.*

175 Roham Alvandi, *Nixon, Kissinger and the Shah: The United State and Iran in the Cold War* (Oxford: Oxford University Press 2014), 33.

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Persian Gulf, which was also in line with Iran's strategic interests, was its military intervention in the Oman civil war in favour of the Sultan of Oman, Qaboos bin Said al Said, against the communist rebels in 1973.<sup>176</sup> Iran's military forces suppressed the communist rebels and turned the war's tide in favour of the Sultan. That military action presented Iran as a real regional power and policeman of the area.

### **The Land Reform**

After the 1953 coup, the Shah attempted to modernize the country by destroying the dominant power relations. He therefore instigated the White Revolution, which was the most significant event after the coup, leading to transformation of Iran's social structure and economic foundations. Foremost among his initiatives, the land reform restructured private property rights to redistribute landownership in rural areas. It aimed to determine the land ownership of large landowners as well as attributing land to the peasants, which had a deep impact on the rural class structure. The programme also influenced the formation of a labour force for other economic sectors including mining and industry.

The plan was introduced in 1961 during the prime ministry of Amini, and implemented in January 1962. It was fulfilled in three phases, each tailored according to the outcome of the previous phase.<sup>177</sup> The four provisions of the first phase were: 1- Ownership to be limited to

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<sup>176</sup> Ibid., 64.

<sup>177</sup> The first was, as Ashraf states, a quasi-revolutionary movement. The second was more conservative and counter-revolutionary, while the last was a modest reform. See Ahmad Ashraf, *From the White Revolution to the Islamic Revolution*, in Saeed Rahnama and Sohrab Behdad, *Crisis in an Islamic State* (London: IB Tauris & Co Ltd, 1996), 26.

one village or six Dangs in separate villages.<sup>178</sup> The orchards, tea plantations, homesteads, groves, and land which used mechanised cultivation must employ daily wage labour. 2- Landowner to be compensated by the state over ten years (later extended to 15 years) through the tax system. A peasant qualifying for land ownership must pay back the value of the land plus 10 percent in 15 years. 3- The order of priority for redistribution of farming lands was as such: oxen-owner, then Nasaq-holder and finally labourer. 4- The arbitrary dismissal of a peasant would be illegal in places which are still owned by a landowner. Sharecropping would be increased by 5 percent on irrigated land and 10 percent on non-irrigated land.<sup>179</sup>

The land reform brought together two aims, firstly to validate the reformist tendencies of the regime in pursuing justice, and to address the circumstances of the least privileged.<sup>180</sup> The second was to reduce the power of landowners, whose interests, as the traditional leading class, were often in conflict with the Royal Court. These were also the decades of welfare state development in the West and coincided with the expansion of the socialism movement across the globe, especially in developing countries. The socialist movements in Latin America greatly inspired people in the global south, including Iran. The emancipatory discourse of socialism, founded on class conflicts and the power of the working class, opened up new horizons to people ruled by a non-democratic regime that had close attachments to the West. Moreover, the Soviet Union, epicentre of world communism and with considerable influence in the country, was Iran's neighbour

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178 A "Dang" is a unit for share ownership. A sixth of a land or a commodity.

179 Fred Halliday, *Iran: Dictatorship and Development* (London: Penguin Book, 1978), 110.

180 Fakhreddin Azimi, *Iran the Crisis of Democracy: From the Exile of Reza Shah to the fall of Musaddiq* (London: IB Tauris & Co ltd, 2009), 167.

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to the north. The Shah was alarmed by the penetration of socialism which empowered leftist forces in Iran. Therefore, he strategically accorded importance to the welfare of the working classes, aimed at reducing class conflict.

In the interests of socialism, mentioned above, the land reform also had foreign supporters. The administration of US President, John F. Kennedy, insisted on running land reform, since it was part of US strategy to establish bulwarks against then-influential waves of communism. The US plan was not merely restricted to Iran, with support coming as foreign aid designed to encourage land reform in developing countries in order to improve the population's welfare and reduce the threat of communism and peasant revolt.<sup>181</sup> Initially, US policy took the form of advice to the Shah, although he received financial and technical aid too. The advisory ambiance changed into pressure in 1960, following heavy Soviet propaganda against the Shah as well as the socialist-oriented revolutionary coup of 1958 in Iran's neighbour, Iraq, which could inspire Iran's political atmosphere.<sup>182</sup>

The land reform frameworks did not completely reach their targets. They succeeded in reducing the position of landowners in the political hierarchy, where they had occupied a significant number of parliamentary seats: around 40 percent in the late 1950s, but by the mid-1960s that had declined to roughly 20 percent and had dropped as low as 9.8 percent by the late 1970s.<sup>183</sup> However, the plan had little success in improving the distribution of income to the countryside. For many peasants their share of land was less than sufficient to cover

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181 Ahmad Ashraf, "From the White Revolution to the Islamic Revolution," in *Iran after the Revolution: Crisis in an Islamic State*, eds. Saeed Rahnama and Sohrab Behdad (London: I.B. Tauris, 1996), 22.

182 Ibid.

183 Marvin Zonis, *Political Elite of Iran* (Princeton: Princeton University Press, 1971), 159.

rural family expenditure, a situation particularly true for peasants who had never previously had land.<sup>184</sup> The plan's outcome was as such: "It created 1,300 commercial enterprises throughout Iran. Each enterprise consisted of three classes of 640,000 landowners who had between 10 to 200 hectares, 1,200,000 families who were mostly former sharecroppers with tenancy rights and whose lands were less than 10 hectares, and more than 700,000 labourers who were former non tenant peasants. As a minimum of 10 hectare was needed to cover life expenditures, most small landowners' conditions were the same as those of landless labourers."<sup>185</sup>

The redistribution of land turned out not to be a complete success, as official documents show that even by 1972 implementation of the law had extended to cover only 30 percent of villages in Iran, so that in other words, 10 years from its start, only a fifth of the peasant population had been affected by the land reform.<sup>186</sup> Also, by using gaps in the law and bribing officials, large landowners were able to escape its effects. It can be said that the plan had broken the traditional rural structure but without providing an appropriate replacement based on a capitalist structure.<sup>187</sup> The thirst of the industrial sector for labour might have seemed the most apposite place absorb the rural jobless, but there was insufficient capacity in the newly established industries to hire them all. As a result, some of the rural unemployed resided on the urban margin, some employed in the industrial sector and some in construction, while a significant

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184 Jamshid Amouzegar, Faraz VA Forud-e Dudman-e Pahlavi [The Rise and Fall of Pahlavi's Dynasty] (Tehran: Markaz-e Tarjomeh va Nashr-e Ketab, 1375[1996]), 321.

185 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014) 132.

186 Fred Halliday, *Iran: Dictatorship, Development* (London: Penguin Book, 1978), 110-111.

187 Abolhassan Danesh, "Land Reform, State Policy, and Social Change in Iran," *Urban Anthropology and Studies of Cultural Systems and World Economic Development* 21, no. 2 (Summer 1992):153-179.

number were involved in the informal sector working as peddlars and such like.

### **Rise of Oil Income**

The shift in the global source of energy from coal to oil elevated oil to one of the most strategic commodities of the 20<sup>th</sup> century, determining the world order as well as the producers' own domestic political affairs.<sup>188</sup> Therefore, it promoted countries with rich oil reserves in international power relations. Consequently, any political change in the oil countries has always been under the scrutiny of the superpowers due to its possible profound impact on world economy and international relations. Subsequently, the relationship between the oil countries and the superpowers has inevitably been more strained. They attempt to control the three main phases of production, distribution, and demand.

The discovery of a rich oil reserve in Iran in 1908 turned the country's history, leading to a dramatic transformation in Iran's strategic world status, with Iran and its oil industry receiving close attention from foreign powers and investors. The growth in oil income gradually became a pillar of Iran's economy. In the early years of the 20<sup>th</sup> century, oil represented 6.49 percent of Iran's total export value in 1919, increasing to 10.42 percent by 1926.<sup>189</sup> The growth accelerated in the coming decades so that its contribution to national income rose steadily until the economy was reliant on oil. It

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188 Apart from the economic worth of oil, some scholars recently have focused on the specifications of oil complex, including the character of commodity and method of extraction and distribution, to raise an argument about the oil complex impact on the process of world democracy. See Timothy Michael, *Carbon Democracy: Political Power in the Age of Oil* (London: Verso Book, 2013).

189 Homa Katouzian, *The Political Economy of Iran: Despotism and Pseudo Modernism 1926-1979* (London: MacMillan Press Ltd, 1981), 83.

was an easy access source of capital which gave the rulers huge scope to run ambitious programmes to shortcut the path of development. This assured revenue encouraged the state to place greater importance on industrial and mining development, with the intention of moving Iran's agrarian economy to an industrial economy. An oil income of \$22.5 million in 1954 rose to \$254 million in 1958 and reached approximately \$342 million in 1962.<sup>190</sup> In fact, in just eight years it had increased 15-fold.

The wealth generated from oil was increasingly noticeable in society in the 1960s. The pace of modernisation dramatically increased and the big cities, mainly Tehran, were glittering examples of modernity by the end of the 60s.

The price of oil reached a new level in the early 1970s when the Arab-Israeli war of 1973 destabilized the world's crucial oil region, the Middle East. In a backlash, the OPEC<sup>191</sup> members, consisting of countries which supplied a sizeable share of the global oil demand, proclaimed an embargo against the countries who supported Israel in this war. That manoeuvre caused a substantial rise in the price of oil, leading to dramatic hike in transport expenditure across the world. Subsequently, it increased the final price of most commodities, which effectively generated an economic crisis in the West. While oil-shock dominated public discourse in Western countries, oil-producing countries gained an unprecedented rise in their oil revenue. As a result, Iran received a record \$20 billion of oil income in 1976 which

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190 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran* [The Second Wave of Authoritarian Modernisation in Iran] (Tehran: Nilufar, 1392 [2013]), 36-37; Majid Purshafe'i, *Eqtesad-e Kucheh: Gozaresh-e Pul-e Melli-ye Iran, Hazineha-ye Zendegi va Dastmozdha dar Do Sadeh-ye Gozashteh 1157-1357* [Street Economy: A Report on Iran National Currency, Living Costs and Wages during the Past Two Centuries 1779-1979] (Tehran: Gam-e No, 1384[2005]), 244.

191 The Organisation of Petroleum Exporting Countries.

greatly amplified the contribution of oil to the state income (See table 3).<sup>192</sup> This resonated in the GDP as its 43 percent contribution to GDP in 1961 increased to 49 percent in 1967, and 53 percent in 1972. This corresponded with an increase in Iran's GDP of 14.2 percent in 1972-73, 30.3 percent in 1973-74, and 42 percent in 1974-75.

**Table 3: Contribution of Oil Income in State Income**

| Year | Contribution of Oil Income in State Income (%) |
|------|------------------------------------------------|
| 1971 | 56.5                                           |
| 1972 | 54.7                                           |
| 1973 | 63.1                                           |
| 1974 | 84.3                                           |
| 1975 | 75.7                                           |
| 1976 | 77.2                                           |
| 1977 | 73.3                                           |

Source: Majid Purshafe'i (1385) [2006]: 254.

### **The State Institutions and Running the Developmental Plans**

The Budget and Plan Organisation comprised a body of highly-educated professionals whose success in drafting the third development plan sprang from the contribution of new technocrats, as well as independent advisers of stature, within its structure. The third development plan, which preceded the land reform, was in effect from 1962 to 1967. It was more comprehensive than the second plan and was amended to last five years.<sup>193</sup> This plan was the Budget and Plan

192 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran* [The Second Wave of Authoritarian Modernisation in Iran] (Tehran: Nilufar, 1392 [2013]), 36-37.

193 Gholamreza Afkhami, *Tose'eh dar Iran: 1320-1357: Khaterat-e Manuchehr Godarzi, Khodadad Farmanfarmaian, Abdolmajid Majidi* [Development in Iran: The Memoirs of Manuchehr Godarzi, Khodadad Farmanfarmaian, Abolhassan Ebtehaj], (Tehran: Gam-e No, 1381[2002]).

Organisation's most successful —indeed it was often ahead of schedule and exceeded expectations, as the GNP growth rate reached 8.8 percent which was 2.8 percent above the target.<sup>194</sup>

The third plan also highlighted the Budget and Plan Organisation's achievements, based on a transition of state developmental policy whereby the planners focused more on industry and mining development to increase their share of Iran's economy. For instance, agriculture and animal husbandry's contribution to the GDP of 30.9 percent dropped to 23.4 percent in 1967 when the third plan came to end, while mining and industry's contribution in 1967 rose to 14.4 percent (See table 4). Mining also recorded a 0.5 percent contribution in GDP in 1962 which increased to 0.9 percent in 1967, higher than the growth of industry in GDP (See table 5).

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194 Sa'id Leylaz, *Moj-e Dovvom-e Tajadod-e Ameraneh dar Iran* [The Second Wave of Authoritarian Modernisation in Iran] (Tehran: Nilufar, 1392 [2013]), 85.

**Table 4: The Contribution of Main Economic Sectors in GDP at the Beginning and End of the Third Plan (Billion rial)**

|                                         | 1962  |      | 1967  |      | Annual Average Growth during Third Plan |
|-----------------------------------------|-------|------|-------|------|-----------------------------------------|
|                                         | Value | %    | Value | %    |                                         |
| <b>Agriculture and Animal Husbandry</b> | 101   | 30.9 | 115.8 | 23.4 | 2.8                                     |
| <b>Industries and Mining</b>            | 39.1  | 12   | 71.2  | 14.4 | 12.7                                    |
| <b>Construction</b>                     | 17.5  | 5.3  | -30   | 6.1  | 11.4                                    |
| <b>Water and Electricity</b>            | 3.1   | 0.9  | 6.1   | 1.2  | 14.5                                    |
| <b>Oil</b>                              | 38    | 11.6 | 71.7  | 14.5 | 13.6                                    |
| <b>Other Sectors</b>                    | 128.3 | 39.3 | 119.8 | 40.4 | 9.3                                     |
| <b>GNP at factor cost</b>               | 327   | 100  | 494.6 | -100 | 11.7                                    |

Source: Sa'id Leylaz (1392) [2013]: 86.

Despite the state running the third plan, the private sector was also identified as a major player in economic development. Private enterprise was encouraged to invest mostly in small and mid-sized industries while investment in heavy and large concerns remained the preserve of the state.<sup>195</sup> In the third plan, a total of 27 billion rials' credit was allocated to mining and industry, out of which 800 million rials were allotted to mining development, 300 million rials to the private sector and 500 million rials to the state.<sup>196</sup>

<sup>195</sup> Omur-e Eqtesadi-ye Sazeman-e Barnameh va Budjeh [Economic Affairs of the Budget and Plan Organisation], Gozaresh-e Moqadamati-ye Barnameh-ye 'Omrani-ye Sevvom [The Initial Report on the Third Construction Plan], (Tehran, 1340[1962]), 126-127.

<sup>196</sup> Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Qanun-e Barnameh-ye 'Omrani-ye Sevvom-e Keshaver [The Law of Third Developmental Plan], 20 and 22.

**Table 5: Contribution of Mining, Industry and Oil in GDP (Billion rial)**

|                 | The last year of<br>the Second<br>Development<br>Plan (1962) |      | The last year of<br>the Third<br>Development<br>Plan (1967) |      | The last year of<br>the Forth<br>Development<br>Plan (1973) |      | The last year of<br>the Fifth<br>Development<br>Plan (1977) |      |
|-----------------|--------------------------------------------------------------|------|-------------------------------------------------------------|------|-------------------------------------------------------------|------|-------------------------------------------------------------|------|
|                 | Billion<br>rial                                              | %    | Billion<br>rial                                             | %    | Billion<br>rial                                             | %    | Billion<br>rial                                             | %    |
| <b>Mining</b>   | 1.7                                                          | 0.5  | 4.5                                                         | 0.9  | 9.8                                                         | 0.9  | 77.5                                                        | 1.4  |
| <b>Industry</b> | 29                                                           | 8.8  | 55.3                                                        | 10.8 | 124.3                                                       | 11   | 415.8                                                       | 7.7  |
| <b>Oil</b>      | 46                                                           | 13.8 | 86.1                                                        | 16.7 | 263.4                                                       | 23.3 | 1755                                                        | 32.5 |

Source: Sherkat-e Motale'ati-ye Tarha-ye Jame'-e Felezat-e Iran (1368) [1989]: 6.

Contrary to the first three developmental plans, the fourth one, 1968-1973, preserved its primary framework to the end. Specific attention was paid to mining and industry which received 22 percent of the disbursement, as the preferred sector of the Budget and Plan Organisation. Credit of 17.337 billion rials was available to private industry through the International Mining and Development Bank of Iran, and 7.664 billion rials through the Industrial Credit Bank, in the 1968-1973 period.<sup>197</sup> Despite the state's preference, mining was still not an investment priority for Iranian entrepreneurs, with statistics from the late 1960s depicting that most mining development relied on the state's contribution (See table 6) and the allocated loan for metal ore extraction was maintained at 2.4 percent of the whole allocated loan to the industrial sector (See table 7). Economic policy makers still identified the state as the leading actor in industrial development, building heavy industries and large-scale and capital-intensive

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<sup>197</sup> Ibid.

enterprises.<sup>198</sup> In the fourth developmental plan, the state invested 17.3 billion rials in mines while the private sector's share was 3.70 billion rials (See table 6).

**Table 6: Estimation on Investment in Industry and Mining as well as Job Creation in Industry and Mining in fourth and fifth Development Plan.**

|                                                      | Develop<br>ment<br>Plan | Investme<br>nt (Billion<br>rial) | Job<br>Creation<br>(Thousand) | State<br>Investment<br>(Billion<br>rial) | Private<br>Sector<br>Investment<br>(Billion rial) |
|------------------------------------------------------|-------------------------|----------------------------------|-------------------------------|------------------------------------------|---------------------------------------------------|
| <b>Basic<br/>Metals and<br/>Metal<br/>Production</b> | <b>Fourth<br/>Plan</b>  | 72.40                            | 64.7                          | 45                                       | 27.40                                             |
|                                                      | <b>Fifth<br/>Plan</b>   | 116.50                           | 105                           | 57                                       | 59.50                                             |
| <b>Mines</b>                                         | <b>Fourth<br/>Plan</b>  | 21                               | 12.5                          | 17.30                                    | 3.70                                              |
|                                                      | <b>Fifth<br/>Plan</b>   | 50                               | 25                            | 44.80                                    | 5.30                                              |

Source: Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Qanun-e Barnameh-ye Panjom-e 'Omrani-ye Keshvar [The Fifth Developmental Plan]: 884.

The gap increased dramatically in the fifth plan with the state's investment rising three-fold to 44.80 billion rials, while the private sector increased slightly to 5.30 billion rials (See table 6). As a result, the state possessed 65 percent of iron ore, 95 percent of copper ore, 36 percent of lead, 43 percent of coal, and 95 percent of red soil.<sup>199</sup> The metal industries also gained from the development plans, because of their fundamental role in industrial development. Then, in the

198 Keith McLachlan, "Iranian Economy 1960-1976," in *Twenty Century Iran*, ed. Hossein Amirsadeghi (London: Heinemann, 1977), 150.

199 Edareh-ye Aamar-e Vezarat-e Sanaye' va Ma'aden, *Amar va Fa'aliatha-ye Ma'dani-ye Iran* [The Statistics of Mining Activities in Iran], (1960) [1339], 37

fourth developmental plan, around 72 billion rials were invested in the main metal industries. That increased to 116.5 billion rials in the fifth development plan, creating an annual growth of 24 percent. A budget of 82 billion rials was disbursed to the steel industry, 10 billion rials to the copper industry, and 1.5 billion rials to aluminium.<sup>200</sup>

**Table 7: Loans Allocated for Industrial Sectors (percent)**

| Sectors                            | Loan Allocated for Each Sector (%) |
|------------------------------------|------------------------------------|
| <b>Textile Industry</b>            | 35.95                              |
| <b>Sugar Industry</b>              | 18.54                              |
| <b>Chemical Industry</b>           | 13.86                              |
| <b>Food Industry</b>               | 9.55                               |
| <b>Construction Industry</b>       | 7.66                               |
| <b>Mechanical Industry</b>         | 6.34                               |
| <b>Rubber and Plastic</b>          | 4.34                               |
| <b>Metal Ore Extraction</b>        | 2.4                                |
| <b>Cupboard Manufacturing Etc.</b> | 1.36                               |

Source: Rabi' Badi'i, (1338) [1959]: 304.

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200 Hossein Asayesh, *Joghrafya-ye San'ati* [Industrial Geography] (Tabriz: Mo'aseseh-ye Tahqiqat-e Ejtema'i va 'Olum-e Ensani, 1354 [1975]), 69-70.

### **Mine Workers 1963-1979**

Population growth, the top-down reforms (mainly the land reform), industrial development, and the rise in oil income transformed social and economic structures in the 1960s and 1970s.<sup>201</sup> It structurally affected the bottom layer of society and it numerically increased the workforce population, including industrial workers.

The rapid economic growth and industrial expansion increased the number of commercial and industrial units. Consequently, the number of small plants rose from 1,502 in 1963 to more than 7,000 in 1977, while medium-sized units grew from 295 to 830 and large units increased from 105 to 159.<sup>202</sup> This had an impact on the demographics of the labour market and the growing number in the paid labour force. As a result, 70,000 workers worked in large workshops with ten or more employees in 1940, climbing to 1.25 million by 1976. Of those 1.25 million, 750,000 were employed in industry and mining and 500,000 were working in the construction sector.<sup>203</sup> In 1962-3 the proportion of the total workforce in industry was 20.6 percent, but by 1977-8 it reached 33.2 percent, showing an annual growth rate of 9.3 percent.<sup>204</sup>

The undeveloped state of the mining industry resulted in only a small portion of a large population being engaged as its labour force. Along with the slow growth of the sector, the average number of workers showed a slight increase. For instance, the number of mining workers

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201 Ahmad Ashraf, "From the White Revolution to the Islamic Revolution," in Iran after the Revolution: Crisis in an Islamic State eds. Saeed Rahnema and Sohrab Behdad (London: I.B. Tauris, 1996), 29.

202 Ervand Abrahamian, *Iran between Two Revolutions* (Princeton: Princeton University Press, 1983), 434. The statistics are sometimes slightly different in comparison with the other sources. For instance, see Bank-e Markazi-ye Iran [Central Bank of Iran], *National Account*, 408, 409; *Iran Statistical Year Book*, 1361[1981], 433, 436.

203 Markaz-e Amar-e Iran [Iran Statistics Centre], 1360[1981], 68, 85.

204 Assef Bayat, *Workers and Revolution in Iran* (London: Zed Books, 1987), 25.

was 10,930 in 1959 on an average wage of 60 rials per day. Of that number, 2,793 — 26 percent — were working in state-owned mines.<sup>205</sup> The top four metal-ore bodies which employed the greatest number workers were lead (3,000 workers), chromite (1,596), iron ore (522) and copper (340). Three years later in 1962 the number had risen to 13,339, with 30.2 percent of them, 4,035, working in state-owned mines.<sup>206</sup> Table 8 shows that job creation in the mining sector had doubled, which was a significant increase, by the end of the fifth plan in 1977 compared with the end of the fourth plan in 1972.

**Table 8: Output and Jobs in Iran Mining Sector and Metal Production**

|                                                  | <b>Year</b> | <b>Production Value<br/>(Billion rial)</b> | <b>Job Creation<br/>(Thousand)</b> |
|--------------------------------------------------|-------------|--------------------------------------------|------------------------------------|
| <b>Mine</b>                                      | <b>1967</b> | 3.3                                        | 16.7                               |
|                                                  | <b>1972</b> | 8                                          | 29.2                               |
|                                                  | <b>1977</b> | 31.5                                       | 54.2                               |
| <b>Basic Metal<br/>and Metal<br/>productions</b> | <b>1967</b> | 15.5                                       | 209.6                              |
|                                                  | <b>1972</b> | 5.8                                        | 78.9                               |
|                                                  | <b>1977</b> | 74.3                                       | 244                                |

Source: Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Barnameh-ye Panjom-e 'Omrani-ye Keshvar [The Fifth Developmental Plan]: 883.

205 Daftar-e Amar [Office of Statistics], Amar-e Ma'dankari [Statistics of Mining], 53.

206 Rabi' Badi'i, Joghrafiya-ye Eqtesadi: Manabe'-e Tabi'i VA Servati-ye Iran [The Economic Geography: The Iran's Natural Resources and Wealth] (Tehran: Dehkhoda, 1347 [1968]), 185.

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Land reform appreciably impacted on the formation of the labour force for industries. The plan in effect destroyed the rural power system, which shaped a new structure comprised of rural bourgeoisie, middle-ranking and poor peasant landholders, and landless rural workers.<sup>207</sup> This created a surplus rural labour force which received insufficient benefit from the land reform. It affected 1,200,000 families who were mostly former sharecroppers with tenancy rights, and whose lands were less than 10 hectares, as well as more than 700,000 labourers who were former non-tenant peasants. As a minimum of 10 hectares was needed to cover the cost of living, most small landowners' conditions were the same as those of landless labourers.<sup>208</sup> More than a million of the lower-ranking peasants, including those with smallholdings of less than two hectares, had too few resources to ensure their survival, since their land was insufficient to afford them daily subsistence to support their dependants.<sup>209</sup> In 1972-73 the rural labour force numbered more than 5,500,000, while the agricultural labour force was 3,200,000. Of those not among the agricultural labour force, some were involved in handcraft industries and rural businesses, but the vast majority of rural people who were not working in agriculture were unemployed. Moreover, the consequences of land reform coincided with a wave of population growth, which created a large body of rural people without

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207 Assef Bayat, *Workers and Revolution in Iran* (London: Zed Books, 1987), 24.

208 Ervand Abrahamian, *A History of Modern Iran* (Cambridge: Cambridge University Press, 2014), 132. In the mid 1970s, the 930,000 peasants who had not been landowners each acquired 10 hectares, and they took to working their land as well as doing seasonal work in cities. See Ahmad Ashraf, "From the White Revolution to the Islamic Revolution," in *Iran after the Revolution: Crisis in an Islamic State*, eds. Saeed Rahnema and Sohrab Behdad (London: I.B. Tauris, 1996), 29.

209 Jamshid Amouzegar, Faraz VA Forud-e Dudman-e Pahlavi [*The Rise and Fall of Pahlavi's Dynasty*] (Tehran: Markaz-e Tarjomeh va Nashr-e Ketab, 1375[1996]), 321.

work.<sup>210</sup> Iran's population was 23,000,000 in 1963, growing to 35,000,000 by 1979. However, population growth was not solely a demographic fact. There was an uneven rate of growth between urban and rural areas, for while in rural areas average growth was 1.2 percent per year, urban areas faced a growth of 4.6 percent. A major factor in the discrepancy was the influx of jobless peasants to the larger cities. Surveys indicate that the rural population represented 65 percent of the total population in 1963, then dropped to 53 percent by 1979.<sup>211</sup> To draw a wider picture of labour population and its distribution across different sectors see table 9 and 10.

**Table 9: The Sectorial Distribution of Total Labour Force 1963-78 (Thousands)**

|                    | 1962-3                 |      | 1967-8                 |      | 1972-3                 |      | 1977-8                 |      |
|--------------------|------------------------|------|------------------------|------|------------------------|------|------------------------|------|
|                    | Number of Labour Force | %    | Number of Labour Force | %    | Number of Labour Force | %    | Number of Labour Force | %    |
| <b>Agriculture</b> | 3672                   | 55.1 | 3861                   | 49   | 3600                   | 40.9 | 3200                   | 32.2 |
| <b>Industry</b>    | 1372                   | 20.6 | 1947                   | 24.7 | 2550                   | 29   | 3300                   | 33.2 |
| <b>Services</b>    | 1584                   | 23.8 | 2020                   | 25.7 | 2600                   | 29.5 | 3379                   | 34   |
| <b>Oil</b>         | 36                     | 0.5  | 46                     | 0.6  | 50                     | 0.6  | 60                     | 0.6  |
| <b>Total</b>       | 6664                   | 100  | 7874                   | 100  | 8800                   | 100  | 9939                   | 100  |

Source: Katouzian (1981): 259.

The rapid growth of urban development resulted in an explosion of urban job opportunities as well as improved facilities and amenities in the cities. Therefore, the larger cities became the main destination for

210Habibollah Zanjani, "Eslahat-e Arzi Ta'sir-e Chandani dar Mohajerat be Shahrha Nadasht" [The Land Reform Had No Too Much Impact on Emigration from Rural Areas to Urban], *Tarikh-e Irani Online*, Bahman 1, 1391[January 20, 2013], <http://tarikhirani.ir/fa/files/58/bodyView/604/>

211 Homa Katouzian, *The Political Economy of Modern Iran: Despotism and Pseudo-Modernism 1926-1979* (London: Palgrave Macmillan, 1981), 304.

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poor peasants and the unemployed who were living in hardship in the countryside. However, the migration did not lead to amelioration of their status, since the structure of urban development did not provide equity in access to facilities and job opportunities between different social classes, which mostly benefited the new modern middle class. In effect, the poor peasants who had left their lands to move to a city found less opportunity compared with the urban workers and the urban middle class. Consequently, they were unable to afford to live within the urban areas and were marginalised on the outskirts, where they were obliged to become a potent labour force for small, medium and large industries. Therefore, one of the commonest characteristics of urban workers was their rural background. The industrial demand for a workforce partially accounted for the new dwellings on the outskirts. For instance, in 1979 more than 50 percent of Shahr-e Rey's residences<sup>212</sup> and more than 30 percent of Zurabad in Karaj city<sup>213</sup> were being rented by nearby modern industries.<sup>214</sup> However, the industrial capacity was not sufficient to employ all, so between 60 and 80 percent of family guardians were involved in unskilled work, construction, or seasonal work.<sup>215</sup>

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212 Shahr-e-Rey is a city adjacent to the capital, Tehran, and on its south side.

213 Karaj is a city located 30 km far from west of Tehran.

214 Markaz-e Motale'at-e Shahr-sazi VA Me'mari [Centre for Architecture and Urban Design], Hashyeh Neshini dar Iran: Gozaresh-e Marhaleh-ye Chharom, Maskan, Sokonatgahha-ye Gheir-e Rasmi VA Barnamehrizi-ye Tose'eh-ye Mohiti, Vol. 2 [Marginal Settlement in Iran: A Report on Phase 4, Housing, Unofficial Settlement and Environmental Development Planning, Vol 2], 29-35.

215 Ibid.

**Table 10: Number of Urban Working Class in 1975**

|                                                                                 |           |
|---------------------------------------------------------------------------------|-----------|
| <b>Modern Industrial Factories</b>                                              | 880,000   |
| <b>Oil Workers</b>                                                              | 30,000    |
| <b>Gas, Electrical and Power Plant Workers</b>                                  | 20,000    |
| <b>Fishery and Lumberyard Workers</b>                                           | 30,000    |
| <b>Miners</b>                                                                   | 50,000    |
| <b>Dock Workers, Railwaymen, Truck Drivers, and<br/>other transport workers</b> | 150,000   |
| <b>Workers in plants with more than ten employees</b>                           | 600,000   |
| <b>Total</b>                                                                    | 1,300,000 |

Source: Ervand Abrahamian (2014): 138-139.

The expansion of the working class was a double-edged sword to the authorities. As one of the main contributors to industrial development they could be moulded into a social force to petition for its class interests, particularly in the 1960s, when socialist movements flourished in Iranian intellectual discourse, particularly among groups of younger people and university students. It was feared it would spread revolutionary ideas among the working class, generating a threat against the non-democratic political system in Iran. As a result, along with deploying hard suppression, the state also applied a softer approach to maintain the workers' satisfaction and keep them away from political activism. Hence, the social phenomena compelled the state to improve workers' living and working conditions, paying

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particular attention to the industrial working class. For instance, one of the six articles of the White Revolution addressed workers, and the ordinance that company shares must be sold to workers was to that end.<sup>216</sup>

Despite the rapid economic growth and promotion of social policies, the development plan was unable to distribute benefits and facilities equally among workers in different sectors. When considering the growth of wages from 1963 to 1973, an average growth of 2.9 percent is seen in the industrial and transport sectors. However, this portrayal does not represent the differences between sub-sectors. While, for example, the wages of workers in the leather industries rose by just 0.5 percent annually, there was a 9.8 percent increase for workers in the chemical industries.<sup>217</sup>

The cause of the inequality derived from Iran's industrial plan which principally had evolved from the two economic policies of import substitutions and state protection, placing some industries in monopoly positions.<sup>218</sup> Subsequently, the monopolies' high economic performance enabled them to offer better employment conditions to the skilled work force when contending with the other competitors, since the country had a shortage of skilled labour. Reviewing the top of the table for paid labour with regards to social position, job security and wages, confirms that those employed in large industrial complexes, including the new industries such as oil, petrochemicals,

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216 Even in spite of that rule, only some 50,000 of 540,000 workers receive their company shares until 1976. See Aliasghar Sa'idi and Fereydun Shirinkam, *Moqe'iat-e Tojar VA Saheban-e Sanaye' dar Iran-e Doreh-ye Pahlavi: Sarmayedari-ye Khanevadegi, Khanevadeh-ye Lajevardi* [The Statues of Traders and Industrial Owners in Pahlavi Era in Iran: The Family Capitalism, Lajevardi Family] (Tehran: Gam-e No, 1389[2010]), 237-238.

217 Hassan Hakimian, "Industrialisation and Standard of Living of the Working Class in Iran 1960-1979," *Development and Change* 19, no. 1 (January 1988): 11.

218 Assef Bayat, *Workers and Revolution in Iran* (London: Zed Books, 1987), 27.

steel and industrial manufacturing, had a better deal.<sup>219</sup> The workers in those industries made up a third of the total paid workforce in Iran, but received five times more salary than workers in other industries and sectors.<sup>220</sup> The remaining two thirds were semi- and non-skilled workers in the mining industry, construction, and small industries and services in urban areas.

## Conclusion

This chapter overviewed the social and industrial development in Iran with particular emphasis on mining development within the economic and political context of the Pahlavi reign. Iran's economic and political structure shaped a state-centric industrial development programme in Reza Shah's period. This was true of the mining industry, where the weakness of local entrepreneurs due to the capital intensity of mining led to state control and expansion. As a result, the state became the main actor in development of the mining industry, which also shaped the workers' living and working conditions and placed the miners in a direct relationship with the state as an employer.

WWII and the occupation of Iran significantly distorted the pace of mining development. The war also created an impoverished period for the workers, including the miners. However, governance began to return to normal following the departure of the allies in 1946, and Mohammad Reza Shah gradually established a structure of political power. That did not last long, as the country faced further international crises, generated by Britain's embargo on Iranian oil.

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219 Fred Halliday, *Iran: Dictatorship, Development* (London: Penguin Book, 1978), 189-190.

220 *Ibid.*, 189-190.

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The sanction instigated the nationalisation of the Iranian oil industry, as a measure to cut off Britain's domination of Iranian oil. There was then a backlash from Britain as it banned the sale of Iranian oil on the international market. However, the economic pressure on the oil industry led the state encourage private sector development of industries relevant to non-oil resources, included mining. The nationalisation of the oil industry consequently unified external powers with domestic forces to overthrow the prime minister, Mohammad Mosaddeq, through a coup in 1953 backed by the US and Britain. The Shah returned to power, which led to the start of a suppressive political period.

The chilling atmosphere of the cold war impelled the Western bloc to reconsider its social policies in order to neutralise the Soviet Union's propaganda on social justice. That also drove the Shah to revise the Iran social order through implementing some radical top-down reforms to move the country towards modernisation. This followed a proposal initially prepared in the US to design a pathway of development for countries in the global south, with technical and financial support supplied by the US.

The newly established state institutions, in particular the Budget and Plan Organisation, brought together well-educated experts and Iranian graduates who had mostly studied at top US and European universities. They focused on designing Iran's industrial strategy as well as the development plans.<sup>221</sup> Therefore, the Budget and Plan Organisation significantly contributed to Iran's industrial

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221 Thos H. McLeod, *Barnamehrizi dar Iran bar Asas-e Tajarob-e Goruh-e Moshavereh-ye Daneshgah-e Harvard dar Iran dar Tahyeh-ye Barnameh-ye Omrani-ye Sevvom* [National Planning in Iran: A Report Based on Harvard Advisory Group in Iran], trans. Ali Mo'azam Mohamadbeygi (Tehran: Nashr-e Ney, 1380[2001]), 49.

achievements in the 1960s. The third developmental plan, arguably the most successful plan in the Pahlavi era, led to a surge in industrial development in 1960s. The mining industry showed considerable growth in the 1970s, having received the leading disbursement from the state. This was an achievement reached through a combination of structural conditions, state institutions and human agents. The political stability in the 1960s until the mid-1970s laid the ground for expanding investment in developmental plans. Rising oil prices also empowered the state to carry out more ambitious programmes for economic and social development. Also, the scholarly technocrats of new corporations, such as the Budget and Plan Organisation, significantly contributed to the design and implementation of industrial and mining reforms.

An expansion of the labour market saw the population of workers grow and become a social force in society. The structural specifications of mining curbed the miners' social activism for the general condition of the working class, however, they continued to enhance their living and working conditions mostly through petitioning as well as less protesting. The country then experienced political stability which originated from social and economic reform and improved welfare conditions on one side, and running a suppressive state political machine against political activism, on the other side. However, the welfare policy did not succeed evenly, and a large population of workers did not properly benefit from the social development and the economic growth.



## **Chapter Three**

### **Formation of the Modern Copper Industry in Iran: The Relationship between a Developmental State and the Company**

#### **Introduction**

The focus of the previous chapter was on the state's promotion of social policies and mining expansion in the Pahlavi era, through designing and implementing a series of developmental programmes. It also considered the social dynamics of Iranian society with particular reference to the way in which workers adapted their status to the changing social policy and industrial plans. This chapter, and the one that follows, examines the relationship between the Iranian state, mining entrepreneurs and the workers with regard to the development of the modern copper industry in Iran. Since the Sarcheshmeh Copper Mine established the copper industry, the chapter will concentrate on the foundation of this mine from its earliest exploration activities in 1966 until the 1979 Revolution when the mine was ready to operate. Chapter four will examine the social phenomena to discover the structure of the relationship between the workers and the state, and the workers and the mining entrepreneurs. As an introduction to discussion on the state-centric developmental plan and industrial development in the 1960s and 1970s, this chapter will expound on the establishment of the Sarcheshmeh Copper Mine, which shaped the development of the Iranian copper industry. It focuses in the contribution of the principal actors, those identified as forces from above, including local entrepreneurs, technocrats, state institutions, and the state's developmental strategy in the formation of

the mine. Analysis of archival resources, as well as the oral narratives of eyewitnesses, suggests that the relationship between the different forces and the role each played in the development of the Iranian copper industry can be framed in a theory of the developmental state. The concept of the developmental state was built upon studies of the exceptional economic growth of East Asian countries, such as Japan and South Korea, in the 1980s. It is examined the Iranian developmental state through revisiting the question of nationalisation of the Sarcheshmeh Copper Mine and studying the two claims that were made concerning the mine's proprietorship and its transition to state ownership. The first account was given by the original mine owners, the Rezai brothers, who claimed that the Shah's coercion left them with no choice other than to transfer the mine to state ownership; a claim supported by some historians such as Abbas Milani.<sup>222</sup> The second narrative, which was granted more credence, denies the application of duress, purporting that suspension of the project led the state to submit an offer to nationalise the mine, and the transaction proceeded under fair terms.<sup>223</sup>

### **The Developmental State Framework**

The theory of developmental state originated from studies of successful interventionist economic and social programmes in East Asian countries in the 1980s. It was initially fashioned on Chalmers Johnson's reflection on the origins of Japan's phenomenal industrial

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222 Abbas Milani, "Tajadod dar Iran [Modernity in Iran]," YouTube video, Special Talk, posted by "Persian Atheist", accessed December 12, 2016, <http://www.youtube.com/watch?v=ILN5JxalI4M>; Milani also raised the issue in his book. See Abbas Milani, *the Shah* (New York: Palgrave Macmillan, 2011), 263.

223 Reza Niazmand, Interviewed by Author, January 4. 2015.

growth which resulted in the creation of an interventionist economic framework that combined private ownership with state direction.<sup>224</sup> The profile identified the state as the main agent of socio-economic development, through establishing efficient institutions run by a body of professional experts who drafted policy to couple national resources with cutting-edge aspirations.

The theory was built upon the premise of ‘embedded autonomy,’ in which the developmental state is closely associated with the private sector, but an appropriate distance is left for modification of aims and policies when capital interests are not in line with national interests. Therefore, the incentive element of nationalism plays a significant role in the process. Johnson traces this important element to the rapid economic growth in Japan which in reality was born from the struggle with stronger external powers in WWII. He viewed the East Asian development, mainly Japan, South Korea, and Taiwan, as based on a specific type of nationalism that originated from war and imperialism.<sup>225</sup> The Japanese nationalism that arose from wartime, mainly WWII, transmuted later into economic nationalism. As stated by Jansen, Japanese economic development became a central means for coming to terms with nationalism during the post-war period, after Japan was destructively defeated, “overcoming depression, war preparations, warfighting, post-war reconstruction, and independence from the US aid”.<sup>226</sup>

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224 Chalmers Johnson, *MITI and Japanese Miracle: The Growth of Industrial Policy 1925-1975* (Stanford: Stanford University Press, 1982).

225 Meredith Woo-Cummings, *the Developmental State* (New York: Cornell University Press, 1999), 21.

226 *Ibid.*, 20.

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A developmental state is principally framed by four specifications. First and foremost is the requirement for a development-oriented state to fulfil its commitment towards attaining advanced objectives.<sup>227</sup> The state participates by constructing and managing capable independent institutions that are charged with creating and implementing a developmental strategy based on national interests. The second is having an administrative proficiency of high order, created on meritocracy and consisting of a body of highly professional technocrats. The third specification, which is complementary of the second one, is autonomy of the state body from the social groups.<sup>228</sup> The final specification is to have a unified and agile bureaucratic system.<sup>229</sup> These specifications are traceable back to the successful development of the copper industry in Iran. In chapter two, the argument was built upon the constructive role of the development-oriented view of the state, a high level of political stability, the rise in oil income, and establishing the Budget and Plan Organisation as an efficient pilot organisation to lead mining and industrial development.<sup>230</sup> That was combined with the emergence of a group of technocrats, most of whom were invited to work for the state based on a meritocratic system. Most of them had experienced the distressing national conflict with foreign powers and their interference in Iran's pathway towards autonomy, chiefly mirrored by their invasion during

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227 Stephane Haggard, *Pathways from the Periphery* (New York: Cornell University Press, 1990).

228 Stephane Haggard, *Pathways from the Periphery* (New York: Cornell University Press, 1990); Peter Evans, *Embedded Autonomy: State and Industrial Transformation* (Princeton: Princeton University Press, 1995).

229 Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy 1925-1975* (Stanford: Stanford University Press, 1982).

230 The rise of oil income enabled them to cover the shortfall in the expert knowledge, modern technology, and skilled labour force to set up a semi-dependent mining sector. By semi-dependent, I mean in the medium-term they would be dependent on technology and management. The company planned to train local experts and workforce to replace foreigners in the future.

WWI and WWII and their connivance the 1953 coup. This placed Iran under a semi-colonial condition, which consequently led to a form of national identity shaped by those traumatic events that were foremost in Iranian's collective memory (further discussion on Iran's semi-colonial condition and its consequences will be covered in chapter four). Nationalism emerged among all types of people and social classes including the proletariat and social elite<sup>231</sup>, and state technocrats such as Reza Niazmand, the first managing director of Sarcheshmeh Copper Mine, who set the benchmarks in their professions, echoing those of the US and Britain, based on national rather than class interests, as evidenced in the developmental programmes and industrial strategies such as the Sarcheshmeh Copper Mine project.<sup>232</sup>

### **The Sarcheshmeh Area**

The Sarcheshmeh Copper Mine is located in the Rafsanjan region of Kerman province. It is surrounded by cities; to the south is Sirjan, while Bafq and Zarand lie to the north, with Kerman to the east and Shahr-e Babak to the west. Rafsanjan is a major city with which Sarcheshmeh is closely linked both economically and socially.

The region lies at different altitudes, generating two different climates. One area is a plain, with a dry climate and desert, while the other area is located on higher land with a milder climate. The weather, therefore, varies from very dry and warm to cool and mild

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231 It would be far beyond the scope of this thesis to elaborate the thoughts of Iranian intellectuals who focused on the idea of autonomy and self-sufficiency. Chief among them are the two intellectuals, Jalal Al Ahmad and Ali Shariati, whose thoughts deliberated anti-imperialism.

232 Some have identified it as economic nationalism. However, it mainly originated from the post-colonial conditions in peripheral countries. For economic nationalism see Umut Ozkirimli, *Theories of Nationalism: A Critical Introduction* (New York: Palgrave, 2000), 40-41.

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across the Rafsanjan region. There are also significant differences in temperature between winter and summer, and between day and night. The land includes mountains, stony areas, earth hills, sands, sand dunes, and scrubland. The Rafsanjan-Anar plain lies between the cities of Rafsanjan and Anar, its southern boundary marked by the Sarcheshmeh range and the Mozemem mountains, which mostly contain magma, flysch, and gabbro.<sup>233</sup>

In comparison with other cities in Kerman province, Rafsanjan has a well-developed agrarian economy. Cotton was once its principal product but other agricultural products, mainly pistachio nuts, form the city's current economic base, the brisk trade having rapidly boosted development of the Rafsanjan region. Seventy percent of Rafsanjan's farmers are involved in pistachio cultivation, on nearly 66 percent of the farmland.<sup>234</sup> Agriculture had traditionally employed most of the region's workforce, with industry having no significant place in the economy of Rafsanjan for many years. Statistical data show that by 1979 only 11 licenses had been issued to establish industrial plants in the Rafsanjan area, with income amounting to a total of 2,013,158 rials and employing 323 workers.<sup>235</sup>

In 1966 the Rafsanjan region had three cities, two districts, 14 rural districts, and 1,161 residential and non-residential townships.<sup>236</sup> Waves of migration rapidly increased its population from 9,212 in 1956 to 21,425 in 1966, which indicates that the city made good

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233 Vezarat-e Defa' [Ministry of Defence], *Farhang-e Joghrafiyai-ye Abadiha-ye Ostan-e Kerman: Shahrestan-e Rafsanjan* [The Information on Kerman Province's Townships: Rafsanjan city] (Tehran: Sazman-e Joghrafiyai-ye Vezarat-e Defa' VA Poshtibani-ye Niruha-ye Mosalah, 1383 [2005]), 13.

234 Ibid., 276.

235 Industrial Department of Kerman Province (1996) quoted in Mohammad Hossein Sharifzadegan, "Global and Local in Economic Development and Regional Planning: The Case of Rafsanjan-Iran" (PhD diss., Birkbeck College, University of London, 2001), 62.

236 Taqsimat-e Joghrafiyai Ostan-e Kerman [Geographical Division of Kerman Province], 4.

economic and social progress to absorb so many people so quickly. Other than the city of Kerman itself, Rafsanjan had the fastest growth in comparison with the other sizeable cities of Kerman province.

## Geography

The Rafsanjan region covers 10,687.3 km<sup>2</sup>. It is divided into four districts, Anar, Koshkueyeh, Markazi, and Nuq. Sarcheshmeh is currently governed by the Markazi district which consists of eight rural districts: Azadegan, Eslamyeh, Khanaman, Darehdaran, Razm Avaran, Qasemabad, Kabotarkhan, and Sarcheshmeh. Sarcheshmeh rural district covers 1,038.12 km<sup>2</sup> and its centre is Sarcheshmeh Town (Table1).

**Table 1: Markazi District of Rafsanjan**

| Rural District     | Area (km <sup>2</sup> ) | Centre of Rural District | City        | Number of Townships | Number of Farms and Places <sup>237</sup> |
|--------------------|-------------------------|--------------------------|-------------|---------------------|-------------------------------------------|
| <b>Azadegan</b>    | 588.75                  | Rezaabad                 | Rafsanjan   | 29                  | 53                                        |
| <b>Eslamyeh</b>    | 584.25                  | Hormozabad               | Sarcheshmeh | 10                  | 58                                        |
| <b>Khanaman</b>    | 943.125                 | Khanaman                 | ----        | 18                  | 74                                        |
| <b>Dareh Daran</b> | 520.635                 | Davaran                  | ----        | 6                   | 19                                        |
| <b>Razm Avaran</b> | 100.312                 | Lahijan                  | ----        | 17                  | 29                                        |
| <b>Sarcheshmeh</b> | 1038.125                | Sarcheshmeh Town         | ----        | 10                  | 145                                       |
| <b>Ghasemabad</b>  | 350                     | Ghasemabad               | ----        | 18                  | 29                                        |
| <b>Kabotarkhan</b> | 796.562                 | Kabotarkhan              | ----        | 14                  | 97                                        |

Source: Vezarat-e Defa' [Ministry of Defence] (1383) [2004]: 3.

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<sup>237</sup> In Iran's country division, a farm is not a village, but is a geographical location which has its economy based on agriculture and animal husbandry. A place is neither a village nor a farm and its economy is based on non-agricultural activities.

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The Sarcheshmeh rural district, with ten villages and 145 farms and hamlets, covers 22 percent of the Markazi district and is bordered by Kabotarkhan and Eslamyeh to the north and north-west, Pariz to the south side, Meymand to the south-west, Bardsir to the east and Paqal'eh to the west. The average altitude of townships in the rural district is 2,371 m, with the highest, Deh-e Sepahan 'Olya, at 2,575 m, and Dehueyeh the lowest point, at 1,970 m.<sup>238</sup> the main water source for farmers is the permanent river Givdari<sup>239</sup> with its source at the very end of the Sarcheshmeh heights and Mamsar Mountain to the south-west side of Rafsanjan. After passing a number of villages on its long run, including Barchi, the Givdari ends up on the Rafsanjan plain. Moreover, two seasonal rivers called the Rodin and the Hansij, ten Qanats, and two natural springs supply a portion of the region's water.

**Table 2: Important Mountains**

| Mountain Name     | Height(m) | Distance from Sarcheshmeh Town |
|-------------------|-----------|--------------------------------|
| <b>Beno</b>       | 3208      | 12 km - South-East             |
| <b>Daldorn</b>    | 3051      | 7 km – East                    |
| <b>Kamar Zard</b> | 2809      | 17 km – East                   |
| <b>Syah</b>       | 2769      | 17 km – East                   |
| <b>Sangari</b>    | 2669      | 18 km – East                   |
| <b>Tal-e Zard</b> | 2610      | 11 km- West                    |

Source: Vezarat-e Defa' [Ministry of Defence] (1383) [2004]: 200.

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238 Vezarat Defa' [Ministry of Defence], Farhang-e Joghrafiyai-ye Abadiha-ye Ostan-e Kerman: Shahrestan-e Rafsanjan [The Information on Kerman Province's Townships: Rafsanjan town], (Tehran: Sazman-e Joghrafiyai-ye Vezarat Defa' VA Poshtibani-e Niroha-ye Mosalah, 1383 [2004]), 200.

239 Some people call it Shahzadeh Abbasi.

There are two mountain chains in the Rafsanjan region, both running north-west to south-east (See table 2 for more information about the mountains). On the northern side of the region are the Davaran heights, and on the southern side rise the Sarcheshmeh heights; there are a few single, high hills in the central area between the two mountain ranges. The Davaran heights begin on the west side of Bandrizan Mountain to the north-west of the Nuq area and continue to the Badaman Mountain (Koh Badomo) north of the Baghin area. The southern heights of the Rafsanjan region, where the Sarcheshmeh mines are, run from the Ayub Mountain and Mohammadabad to the south of the city of Anar and run all the way to the Segodari Mountain to the east of Rafsanjan. The mountains in the south rise higher than those in the northern Rafsanjan region, the most important rivers rising in the south.<sup>240</sup> A ridge begins at Sarcheshmeh Copper Town and runs to nearby Bardsir, passing through both the Memsar Mountain and the mine itself so that it divides Sarcheshmeh Mountain into a northern and a southern massif. The divide has created the two drainage basins of Dasht-e Sirjan [Sirjan plain] and Khatunabad,<sup>241</sup> and the Rafsanjan catchment basin.<sup>242</sup> The most important town near Sarcheshmeh is Pariz on the south side of the ridgeline in the foothills, where pleasant summer weather has made it an attractive place for wealthy visitors from Sirjan. The north side used to be called Berahkuh, but is currently known as Pasekuh.<sup>243</sup>

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240 Shirashtyani, A Report on Sarcheshmeh Copper Mine (MA diss., Isfahan University, 1383[2004]), 73.

241 The water for the Sarcheshmeh Copper Complex was supplied from the Khatunabad plain.

242 Abbas Khaleqinejad, "Pishineh-ye Sarcheshmeh" [Sarcheshmeh's Past], Cheshmeh Magazine, no. 4, 1384[2005], 1.

243 Ibid., 1.

There used to be several villages in the area of Sarcheshmeh Copper Complex but they are deserted now due to the mining operations.<sup>244</sup> Among the places that were left derelict were Razan, Deh-e Sikhoru, Deh-e Torshab, Deh-e Archandar (Archandareh), Deh-e Paran (Piran), Deh-e Daldun, Deh-e Sereydun, Sarcheshmeh, Morasban, Olang-e Bozorg, and Olang-e Kuchak.

### **Vegetation**

Given the existence of two different types of climate in the region, there are two kinds of vegetation. Desert plants grow near Sarcheshmeh including Tagh, Eskanbil, Ghich, Ashnan, and Gazmi, and wild pistachio trees and wild almond trees can be found on higher ground. The area was once wooded but local demand for firewood has caused severe deforestation.<sup>245</sup>

The region's agricultural produce comprises cereal crops (mostly wheat and oats), alfalfa, grains such as lentils and peas, and vegetables – chiefly turnips and potatoes. Fruit crops include apples, pears, apricots, cherries, quince, sea-buckthorn, walnuts, almond, and pistachios. The predominant commercial crops, used in manufacturing, are cotton and sunflowers. The chief agricultural water sources in the Sarcheshmeh region are Qanats, the rivers, and springs. Rainfall and a snowy climate also create ideal conditions for a diversity of wildlife. There were wolves, panthers, cheetah, wild boar, and many bird species ranging from common crows, to game birds such as partridge and hoopoe. However, the Sarcheshmeh mine

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244 Baqeri, Interviewed by Author, 13 December 2013; Abbas Khaleqinejad, "Pishineh-ye Sarcheshmeh" [Sarcheshmeh's Past], Cheshmeh Magazine, no. 4, 1384[2005].

245 Shirashtyani, A Report on Sarcheshmeh Copper Mine (MA diss., Isfahan University, 1383[2004]), 86.

development itself, and a considerable amount of illegal hunting, have drastically reduced wildlife numbers.

### **Human Geography**

The Sarcheshmeh climate offers good potential for agriculture, which is what most of the inhabitants did; they were arable farmers, or worked in animal husbandry. The residents of the mountainous valley had always faced two critical issues, namely finding flat land and finding a water supply. Most of those living in the mountainous areas survive through a combination of agriculture, animal husbandry, charcoal making, and collection of firewood for fuel.<sup>246</sup> Agriculture enabled the area to accommodate temporary seasonal migrants from Rafsanjan during harvest time.<sup>247</sup> In the 1960s and 1970s a large population of Turkish-speakers arrived from south-west of Iran and moved to Kerman to work in the coal and iron ore mines in Zarand, Pabedana, Chatrud, and many at the Sarcheshmeh Copper Mine.<sup>248</sup>

### **Transport and Roads**

Sarcheshmeh currently has access to all major cities via metalled roads. The main road from Sarcheshmeh town to Rafsanjan has recently been made into a motorway. The journey from Tehran to Sarcheshmeh usually takes 11 hours by bus with one change at Rafsanjan, while that journey took 18 hours in the late 1960s, when there were only four scheduled passenger buses daily.<sup>249</sup> There was

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246 Paul Ward English, *City and Village in Iran: Settlement of Economy in Kerman Basin* (University of Wisconsin Press, 1966), 95.

247 Abbas Khaleqinejad, "Pishineh-ye Sarcheshmeh" [Sarcheshmeh's Past], *Chehsmeh Magazine*, 1384[2005].

248 Mohammad Ebrahim Bastani-Parizi, *Vadi-ye Haftvad* (Tehran: 'Elm, 1394 [2015]), 440

249 Selection Trust Archives, *The Field Operation at Sarcheshmeh 1967-1970*, 11

no railway until the early 1970s. Rafsanjan's small airstrip was created in the late 1960s and used for light aircraft on police duty. There was a weekly scheduled flight from Rafsanjan to Tehran. Kerman airport was the nearest to Sarcheshmeh, with weekly scheduled flights to Yazd, Isfahan, and Tehran.

### **The Foundation of the Modern Copper Industry in Iran: Sarcheshmeh Copper Mine**

In 1968 global copper consumption stood at 5.22 million tonnes, with the United States as the largest consumer.<sup>250</sup> One of the most prolific users of copper was the US armed forces, who exhausted 210,000 tonnes in 1968 alone. By 1976 global copper consumption had risen to 8.5 million tonnes, and then rather more slowly reached 10 million tonnes in 1984.<sup>251</sup> Copper was third on the metal consumption table, after steel and aluminium. In terms of its value, although cheaper than steel, it was more expensive than aluminium. The leading copper producers were Chile, the United States, the USSR, Zambia, Zaire, South Africa, Yugoslavia, Canada, Guinea, Poland, and China during the 1970s, the top three producers being Chile, the United States and the USSR.

Up to 1979, 18 significant copper deposits had been discovered in Iran, the most important being at Sarcheshmeh, Nochun, Dareh Zay, and Koh-e Lar. The total actual reserves of those 18 copper mines were estimated at 900 million tonnes, with probable reserves of 1.553

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250 Institute of Geological Sciences: Mineral Resources Division, Statistical Summary of Mineral Industry: World Production, Export and Import 1967 to 1984.

251 Ibid.

billion tonnes.<sup>252</sup> Iran's copper production had been insufficient to supply domestic industries, so that the much-needed copper had to be imported (See table 3). This changed with the discovery of the Sarcheshmeh copper deposit, significantly increasing Iranian copper production. The copper extraction stood at 4,820 tonnes in 1958 and 12,400 tonnes in 1960 out of which just four tonnes were sent to West Germany.<sup>253</sup> In the same year, the average number of workers in the copper industry as 334.<sup>254</sup> Thereafter, the production of copper dropped to 1000 tonnes in 1970, then rose to 15000 tonnes in 1975.<sup>255</sup> Comparison with the output of the Sarcheshmeh Copper Mine development during the late 1970s and early 1980s, including some 150,000 tonnes annually with more than 4,000 personnel, indicates that a major transformation was expected to take place in the mid-1980s.

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252 Siamak Zand-e Karimi, Fa'aliatha-ye 'Omdeh-ye Ma'dani-ye Keshvar 1324-1334[Major Mining Activities in Iran 1945-1955] (Tehran: Budget and Plan Organisation, 1357 [1978]), 4.

253 Siamak Zand-Karimi, Fa'aliatha-ye 'Omdeh-ye Ma'dani-ye Keshvar 1324-1334[Major Mining Activities in Iran 1945-1955] (Tehran: Plan Organisation, 1357 [1978]), 52 & 56; Veazarat Sanaye' va Ma'aden – Edareh-ye Amar va Motale'at, Amar-e Fa'aliatha-ye Ma'dani Iran va Rahnama-ye Ma'aden Sal-e 1339[The Statistics of Iran Mining Activities and Mines Guide 1960], 70; While other metals such as lead at 77.140 million rials' worth, chromite at 62.436 million rials' worth and iron ore at 26.663 million rials' worth had higher export values in that year. See Veazarat Sanaye' VA Ma'aden – Edareh-ye Amar VA Motale'at, Amar-e Fa'aliatha-ye Ma'dani Iran VA Rahnama-ye Ma'aden Sal-e 1339[The Statistics of Iran Mining Activities and Mines Guide 1960], 67.

254 Siamak Zand-e Karimi, 52 & 56.

255 Siamak Zand-e Karimi, Fa'aliatha-ye O'mdeh-ye Ma'dani-ye Keshvar 1324-1334[Major Mining Activities in Iran] (Tehran: Budget and Plan Organisation, 1357 [1978]), 5.

**Table 3: Iran Copper Import and Export**

|                                                 | <b>1970<br/>(tonnes)</b> | <b>1971<br/>(tonnes)</b> | <b>1972<br/>(tonnes)</b> | <b>1973<br/>(tonnes)</b> | <b>1974<br/>(tonnes)</b> | <b>1975<br/>(tonnes)</b> | <b>1976<br/>(tonnes)</b> | <b>1977<br/>(tonnes)</b> | <b>1978<br/>(tonnes)</b> | <b>1979<br/>(tonnes)</b> | <b>1980<br/>(tonnes)</b> |
|-------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Copper<sup>256</sup> Import</b>              | 200                      | 624                      | 1183                     | 857                      | 1911                     | 3809                     | 4243                     | 1911                     | 292                      | 1381                     | 2225                     |
| <b>Copper Export<br/>(Ore and Concentrates)</b> | 1500                     | 840s                     | 660                      | 1100                     | -                        | 8700                     | 4200                     | -                        | 17000                    | 9000                     | 4000                     |
| <b>World Mine<br/>Production of Copper</b>      | 6,400,400                | 6,400,400                | 7,000,000                | 7,400,000                | 7,700,000                | 7,300,000                | 7,850,000                | 7,950,000                | 7,900,000                | 7,900,000                | 7,800,000                |

Source: Minerals UK, Iran Copper Statistics from 1970-1984

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<sup>256</sup> The Figures include scrap and unrefined copper.

In 1970, Ghaniabad was the main copper production plant, dating from the Reza Shah period. It was near Tehran and managed by the Edareh-ye Taslihat-e Artesh-e Shahanshahi [The Weaponry Administrative Arm of the Royal Army]. The plant had a production capacity of 3,000 tonnes annually, although frequently produced only half or even a third of that because of the shortage of copper ores in Iran. There were also two small plants in Ayeneh and Abzarchi in Tehran, and a plant named Barati in Zanjan, all three used for melting scrap copper to produce copper sheets. Moreover, there were three small plants for electrolysis of copper, named Farsad, Iran Mes, and Feyzi, but their output was almost negligible.<sup>257</sup>

**Table 4: Copper Export and Copper Consumption in Iran 1962-1968**

|                                   | 1962<br>(tonnes) | 1963<br>(tonnes) | 1964<br>(tonnes) | 1965<br>(tonnes) | 1966<br>(tonnes) | 1967<br>(tonnes) | 1968<br>(tonnes) |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Export</b>                     | 28               | 26               | 97               | 261              | 442              | 79               | 97               |
| <b>Import</b>                     | 9945             | 5734             | 5228             | 5522             | 5159             | 13580            | 12060            |
| <b>Ghaniabad Plant Production</b> | -                | -                | -                | -                | 500              | 700              | 800              |
| <b>Military Consumption</b>       | -                | -                | -                | -                | 3000             | 3800             | 4700             |
| <b>Total Annual Consumption</b>   | 9945             | -                | -                | -                | 8659             | 18080            | 17560            |

Source: Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Gozaresh-e Ma'aden-e Mes dar Iran [A Report on Copper Mines in Iran] (1349) [1970]: 8.

<sup>257</sup> Sazeman-e Barnameh va Budjeh [Budget and Plan Organisation], Gozaresh-e Ma'aden-e Mes dar Iran: Sal-e 1349 [A Report on Copper Mines in Iran, 1970], 11.

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The exploration of the Sarcheshmeh Copper Mine was started in 1966 by Iranian mining entrepreneurs, and was almost ready for operation before the 1979 Revolution. Meanwhile, the mine was nationalised in 1972, from whence the whole project was managed by the state. The mine ownership and management during this period is divided into three stages, as follows:

1- KMC<sup>258</sup> from 1966-1967: The KMC started the first exploration at Sarcheshmeh Copper Mine. The company was owned and managed by Iranian mining entrepreneurs, the Rezai brothers. After the first year of exploration the KMC reported that the size of the project was beyond their capabilities. Therefore, the Rezai brothers continued the operation in partnership with a British company, Selection Trust.

2- KCI<sup>259</sup> from 1967-1971: The Rezai brothers established KCI in partnership with Selection Trust. The KCI significantly expanded the operation, however, the joint venture could not secure capital investment. The Iranian state finally stepped in, and the mine became state-owned.

3- SCMCK<sup>260</sup> from 1972-1979: The mine was nationalised, with exploration and extraction undertaken by a state-owned company, the SCMCK. The presence of the state transformed development of the project, and it continued with consultation from an American company (Anaconda).

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258 Kerman Mining Corporation

259 Kerman Copper Industries

260 Sarcheshmeh Copper Mines Corporation of Kerman. The company's name was changed to National Iranian Copper Industries Corporation (NICICO) when the whole of Iran's copper industry was nationalised in 1976. NICICO then covered all issues regarding the copper industries in Iran.



**Figure 1: Sarcheshmeh Copper Complex (Image courtesy of NICICO)**

The nationalisation of the Sarcheshmeh Copper Mine and presence of the state accelerated the development of the project and transformed the Iranian copper industry, leading to Iran being identified as a major global copper producer. A plan was formulated for the annual extraction of 50 million tonnes of 1.21 percent copper ore. Roughly 15 million tonnes of the mineral component could be transferred to the crusher, which increased in concentration to a capacity of 40,000 tonnes per day. Ultimately 145,000 tonnes of concentrated copper would go for smelting annually.<sup>261</sup> Initially, a \$400 million investment was received, increasing to \$450 million; and a town

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<sup>261</sup> The Report of Annual General Meeting, Ordibehesht 6, 1352[April 26, 1973], 7.

would be constructed and a labour force trained.<sup>262</sup> However, costs rose to two-and-a-half to three times more than initially forecast.<sup>263</sup>

The preliminary projection was made on the assumption that the company would generate substantial income, based on the copper market price of \$867 per tonne in 1971, \$1,200 in 1972, and \$1,450 in early 1973. It cost \$400, including depreciation and shipping, to bring a tonne of copper to the market. Estimating 145,000 tonnes of production per year and based on the price in 1973, the company expected to generate a profit of roughly \$150 million.<sup>264</sup> To illustrate the value of the Sarcheshmeh Copper Mine, comparison with the production value of a steel smelting plant is useful. A steel smelting plant with 40 to 50 billion rials' investment, annual production of 600,000 tonnes of steel, and an average price of 10,000 rials per tonne will make 6,000 million rials, roughly equivalent to \$850 million.<sup>265</sup>

### **The Iranian Mining Entrepreneurs: Rezai Brothers**

The discovery of copper in the region dates back to exploration undertaken by foreign experts including A. F. Stahl, who was working as a post and telegraph expert in Iran. In his working report referring the period of 1897-1906, he mentioned the existence of copper in God-e Ahmar, in the Pariz area where Sarcheshmeh is located. However, the first discovery license was issued to Ali Entezam<sup>266</sup> on 27 April 1949 in the area of Morespan, which includes

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262 Ibid., 10.

263 Mehdi Zarghamee, Interviewed by author, November 3, 2016.

264 Ibid., 10.

265 Report from the Budget and Plan Organisation, Shahrivar 15, 1348 [September 6, 1969], 5.

266 The discovery certificate number was 1328/2/7-1518/357/78 and was issued to Mr Ali Entezam, a mining engineer who taught at Tehran University. Due to adverse geographical conditions, it was extended to October 1952.

the current Sarcheshmeh Copper Mine.<sup>267</sup> The mine was estimated to hold a reserve of 400,000 tonnes of copper at the grade of 2 percent, with lead layers discovered 1.5 km south-west of Morsepan.

Entezam was an employee of the Company for Iranian Mines and Metal Foundries, a state institute associated with the Budget and Plan Organisation, which held a monopoly on exploitation at the majority of the large mines. The law did not allow him to be issued with an exploitation licence because employees were not permitted to be involved in mining.<sup>268</sup> Entezam, therefore, transferred all his rights to Iskandar Karimi-Jahanbakhsh in 1957. Nine years later, with no activity in the mine, Karimi-Jahanbakhsh, in turn, returned the rights to Entezam.

Those days, shepherds were one of the primary sources of information about the existence of mineral resources in remote areas. Mining entrepreneurs promised them money in return for revealing information of the mineral deposits.<sup>269</sup> According to Reza Niazmand, Mahmud Rezai was first aware of Sarcheshmeh Copper Mine through a shepherd.<sup>270</sup> However, Abdolmajid Vakil, who was a member of the Rezai brothers' initial exploration team at Sarcheshmeh Copper Mine, stated that the Rezai brothers obtained some paper reports written in English and German, which showed that foreign experts, too, were looking for copper in the area.<sup>271</sup> Since the mine had already been discovered and reported by Ali Entezam, it seems likely that

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267 Mohammadali Kazemzadeh, *Tarikh-e Mes-e Sarcheshmeh-ye Kerman* [The History of Sarcheshmeh Copper Mine of Kerman] (Sherkat-e Melli Sanaye'-e Mes-e Iran, 1360 [1981]), 7.

268 Research Group, 102

269 The mineral ores are of an unusual colour and are recognisable by ordinary people.

270 Aliasghar Sa'idi, *Technocracy and Syasatgozari-ye Eqtesadi dar Iran be Revaia-e Reza Niazmand* [Technocracy and Economic Policy Making in Reza Niazmand's Narrative], 217.

271 Abdolmajid Vakil, "Cheguneh Mes-e Sarcheshmeh Kashf Shod?" [How Sarcheshmeh Copper Mine was Discovered?], *Etemad Daily*, Bahman 3, 1388 [January 23, 2010], 12.

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information was available from other sources, such as official mining organisations — a much more likely story!

There was an opportunity for both the Rezai brothers, who were eagerly seeking investment in mineral resources, and Ali Entezam who was looking for a deal with the discovery license. They then came to an agreement to transfer the discovery license to the Rezai brothers under a newly established company called KMC.<sup>272</sup> The KMC was founded on 21 April 1966 with 10 million rials of initial capital.<sup>273</sup> Along with promising a valuable ore reserve, Sarcheshmeh also favoured the Rezai brothers because it was not far from their other mining projects — the Faryab and Esfandagheh chromite mines. Under the guidance of two local men named Hossein Nozari and Ali Azarang, a survey team led by Vakil was appointed to observe the area.<sup>274</sup> The team's initial observations led it to advise the company to begin exploration. Locals were hired to work on the project, and work commenced, mostly focused on the east side of what is now the mine.

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272 Kerman Mines Corporation. The agreement between Entezam and KMC included: 1- KMC has to pay 150,000 rials to Ali Entezam. 2- If KMC had received an exploitation license they would have had to pay another 150,000 rials to Entezam, and would have had to pay 2 percent of the value of the copper and lead extracted.

273 The Managing Director was Mahmud Rezai; the board of directors included Mohammad Ali Mas'udi, Mahmud Rezai, and Abbas Rezai; and the main shareholders were Mahmud Rezai, Mohammad Reza Rezai, Amir Reza Rezai, Abbas Rezai, Ms Shahrzad Rezai, Mohammad Alamutinama, and Mohammad Ali Mas'udi.

274 Abdolmajid Vakil claimed that he was the first person who discovered the Sarcheshmeh Copper Mine. However as was displayed that is not true. See Abdolmajid Vakil, "Cheguneh Mes-e Sarcheshmeh Kashf Shod?" [How Sarcheshmeh Copper Mine was Discovered?], Etemad Daily, Bahman 3, 1388[January 23, 2010], 12.



**Figure 2: Sarcheshmeh Copper Mine (Image courtesy of NICICO)**

The KMC's operation in Sarcheshmeh Copper Mine coincided with Iran's remarkable industrial growth in mid-1960s, which peaked with one of the highest rates worldwide. The government's attention to industry and its provision of facilities laid the ground for those from the private sector, who increasingly desired to shift their business activities towards industry and mining, to participate in these activities. Economic programmes, international trends and political events inspired the emergence of a younger generation of entrepreneurs, educated in Europe and North America, who formed a group later identified as Iran's industrial entrepreneurs. Alinaqi Alikhani, Minister of Economy from 1963 to 1969, once said "Iran was a unique country in the world in the 1960s in consideration of giving priority to the private sector. Even though the state's income was mostly from oil, not the tax, that gave them great power over the

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private sector, but our treatment of the private sector was much more tolerant than in other countries such as Turkey, India, and Egypt.”<sup>275</sup>

The state incentive policy incubated a new class of industrial bourgeoisie who took more risks, gradually drawn into investing in modern manufacturing and production and contributing to the astounding industrial growth rate which increased from 12 per cent to 16 per cent in the mid-60s.<sup>276</sup> Their business organisations and management were mostly family-based, which is ascribed as one of the main characteristics of Iran’s industrial entrepreneurial structure.<sup>277</sup>

Despite the increase in industrial entrepreneurs, the mining sector was still not as popular as other industries. Those prominent in the mining sector were the Rezai brothers, the Rastegar brothers, and Dr Shabahang. Chief among them were the Rezai brothers, and specifically Mahmud Rezai who was known as a giant among national mining entrepreneurs, as well as one of the most significant persons in the Middle East in the exploitation and export of chromium.<sup>278</sup> The Rezai brothers became even more renowned when they began their activities at the Sarcheshmeh Copper Mine.

Born into a wealthy family, the Rezai brothers, like most of the Iranian industrial entrepreneurs, were primarily involved in trade and retailing. As one of their early businesses, they ran a luxury boutique

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275 Alinaqi Alikhani, “Shah Farifteh-ye Daramadha-ye Nafti Shod” [High Oil Income Deceived the Shah], Interviewed by Mohammad Taheri, *Tejarat-e Farda Weekly*, no. 56, Sharivar 16, 1391, 57; Hossain Dehbashi, *Eqtesad va Amniat: Khaterat-e Alinaqi Alikhani* [Economy and Security: Alinaqi Alikhani’s Memories] (Tehran: Sazeman-e Asnad va Ketabkhaneh-ye Melli-ye Iran, 1393), 104.

276 Sa’id Leylaz, “Naft San’at ra Kosht” [Oil Devastated Iran’s Industry], *Tejarat-e Farda Weekly*, no. 70, Azar 30, 1392 [December 21, 2013], 24.

277 Robert E. Looney, *Economic Development of Iran: A Recent Survey with Projections to 1981* (Praeger Publisher, 1973), 164.

278 Khosro Ehyai, *Esteqamat-e Kerman Weekly* (Special Edition on the 40th Anniversary of the Sarcheshmeh Copper Mine), 26; Rezai brothers explored Sarcheshmeh Copper Mine after extraction of chromite from the mines of Esfandaqeh in the south Kerman province had already begun.

named Peykan, in Tehran.<sup>279</sup> Meanwhile, they entered different fields of business, including importing cigarettes and fabrics, as well as managing the Mayak theatre group, until they became involved in the mining and steel industries. Indeed, tracing the course of their commercial career unfolds much about the progress of the new Iranian entrepreneurs during the 20<sup>th</sup> century. Their father was a wealthy tradesman from Sabzevar in the Khorasan province, but the boys lost their father when they were children and were raised by a disciplinarian mother and step-father. Their mother's encouragement led them to enter higher education in the United States and France, which provided them with an opportunity to gain a wide range of experience and a broader vision of economic and business affairs.



**Figure 3: The Rezai brothers with their mother (Image courtesy of Tejarat Farda Weekly)**

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279 Abbas Milani, *Eminent Persians: Men and Women Who Made Iran 1941-1979* (New York: Syracuse University Press and Persian Wold Press, 2008), 668.

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The start of the Rezai brothers' mining activities coincided with the British embargo on Iranian oil in the 1950s. The economic pressure of the sanction drove the state to focus on other sources of income, including mining resources. As a result, the state ran an incentive policy to persuade local entrepreneurs to invest in mining development. At the time, the Rezai brothers had already started to explore chromite deposits near their hometown of Sabzevar.



**Figure 4: Mahmud Rezai -1977**

Unlike the older generation, they benefitted from a different financial environment including selling shares, arranging loans, making joint investments with foreign companies and venture capitalists.<sup>280</sup> Moreover, the emergence of modern banking, and long-term credit with low-interest rates offered by the state, helped the new generation of entrepreneurs to finance their businesses. The establishment of two specialist banks, the Bank-e E'tebarat-e Dowlat (Bank of State Credits), a state-owned bank, and the private Bank-e Tose'eh-ye San'ati va Ma'dani (Bank of Mining and Industrial Development) played a significant role in supporting industrial and mining investments. However, that made the industrial entrepreneurs more dependent on the low-interest loans provided by the state-run banks. Since the state also injected a vast amount of capital into the industrial banks from the sale of oil, the state could then control both the industrial structure and trends in private investment.<sup>281</sup>

Iran's industrialisation, which was one of the aims of the White Revolution, moved quickly with the rise in oil income. It enabled the state to allocate sufficient credit for well-known entrepreneurs to develop their businesses in the 1960s and 70s. Besides, high inflation led to enormous profits from the trading of land, which enabled large real estate holders to accumulate capital. Moreover, the import substitution policy put in place to support the development of domestic goods, for instance by offering loans at low interest, persuaded a number of the Iranian merchant bourgeoisie and

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280 Aliasghar Sa'idi and Fereyduun Shirinkam, *Moqe'iat-e Tojar VA Saheban-e Sanaye' dar Iran-e Asr-e Pahlavi: Zendegi VA Karnameh-ye Haj Mohammad Taqi Barkhordar* [The Status of Traders and Industrial Owners in Pahlavi Era: The Life and Business History of Haj Mohammad Taqi Barkhordar] (Tehran: Gam-e No, 2009[1388]), 260-261.

281 Ibid.

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traditional landowning families, such as the Bayat, Moqadam, Afshar and Farmanfarma, to change the field of their business to manufacturing and industry.

The new entrepreneurs also came from less well-known merchant families, such as Mahmud Rezai and Mahmud Khaiami, whose business prowess relied on the state industrial policy as well as their own talents which drew them into business as independent tycoons. However, their independence was not preserved forever, as forging close relationships with the power centres and influential people including Royal Court, high-ranking politicians and Generals in Army necessitated payment for information and influence to enhance their commercial progress.

The four Rezai brothers — Ali, Mahmud, Abbas and Qasem — worked together on specific projects while following their individual business interests. Moreover, Ali and Qasem became involved in politics, with Ali becoming a member of the Senate Parliament and Qasem, head of the Office of Tourism (Sazeman-e Jalb-e Sayahan) in two different governments. The positions helped them build an extensive network of influential persons in the political strata. The Rezai brothers also tried to form a relationship with the Royal Court, to become closer to the royal family as one of the critical power centres in the Iranian political hierarchy. For instance, Mahmud Rezai had a close friendship with the Shah's sister, Ashraf. The brothers tightened the relationship through financial means in the form of gifts or supporting business projects. For example, Ali Rezai made a gift to

the Queen of a priceless necklace, a precious item which in the end the Shah ordered should be kept in a museum.<sup>282</sup>

The growth of industrial businesses as well as the increasing the number of industry owners gradually formed a recognisable class, socially and politically influential, until in time their social connections and trade networks enabled them to exert influence on economic policy.<sup>283</sup> While large landowners and successful merchants had become two prominent economic groups in the early Reza Shah period, they were replaced during Mohammad Reza Shah's reign by new traders and industrial pioneers, along with people like bankers, consultant engineers and contractors.<sup>284</sup> In total, 85 per cent of active Iranian companies in different fields were controlled by a specific economic group, so that the industrial bourgeoisie became powerful and influential in the late Pahlavi dynasty. This transformation affected the political structure too, for while the large landowners occupied the majority of seats in the National Parliament in Reza Shah's time, modern bureaucrats would replace them when Mohammad Reza Shah came in power.

The industrial entrepreneurs also established a Chamber of Industry and Mines in order to pursue sectorial affairs through their specified institute. This was a strategic decision which increased their impact on economic planning. Previously, industrial owners had conducted their affairs through the Chamber of Commerce, which was mostly controlled by traders. Industrialists had less authority in the Chamber

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282 Ali Rezai quoted in Abbas Milani, *Eminent Persians: Men and Women Who Made Iran 1941-1979* (New York: Syracuse University Press and Persian World Press, 2008), 665.

283 Aliasghar Sa'idi, "Payan-e Yek Karafarin: Karafarin VA Sepehr-e Syasi" [The End of an Entrepreneur: Entrepreneur and Political Sphere], *Mehrnameh Monthly* 9, Esfand 1389 [March 2010], 22-23.

284 Ashraf and Banuazizi, *Classes in Pahlavi Period*, *Encyclopaedia of Iranica*, 103.

of Commerce and found themselves unable to improve sectoral benefits towards themselves. The first Chamber of Industries and Mines was, therefore, set up by 30 industrialists and mine owners in 1962.<sup>285</sup> Representatives of the Chamber of Industries and Mines included Ali Rezai and Mahmud Rezai, along with other prominent industrial owners such as Mohammad Taqi Barkhordar, Ali Khosroshahi, Qasem Khosroshahi, Ahmad Khayami, and Mahmud Khayami.<sup>286</sup>

Although the private sector was identified as one of the arms of Iranian industrialisation, the mining industry had not found significant support for expansion among the national entrepreneurs. This was partly due to the historical weakness of the Iranian bourgeoisie, financially and technologically, as well as structural barriers, as has been discussed previously. That was true of the Rezai brothers, despite their leading position in Iranian mining. As a result, Sarcheshmeh mega project was soon assessed to be far beyond their abilities, both in terms of finance and technology, and they were unable to proceed with the project on their own. However, the country's strategy regarding industrial development, economic infrastructure, human resources, and more importantly political stability and a promising economic growth rate, predicted a positive future in which foreign companies could be involved in the mining project in Iran. The Rezai brothers considered some potential candidates across the world, and finally brokered an agreement with a famous British mining company, Selection Trust, to survey the site. A technical group came to visit from 29 August 1967 to 7

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285 Majaleh-ye Otaq-e Bazargani [Chamber of Commerce Magazine], Khordad 1347[June 1968]: 7-44.

286 G. Bricault, *Major Companies of Iran* (London: Graham and Trotman, 1977).

September 1967. Their report assessed that “Selection Trust should follow up the initial contact as strongly as possible”.<sup>287</sup> Matters concluded with the signing of an agreement between Mahmud Rezai, trading as KMC, and Selection Trust, which resulted in the establishment of KCI on 30 November 1967.

The contract was so overwhelmingly in favour of the Iranians that afterwards questions were raised about the reason for Selection Trust signing it. Shares were divided so that Selection Trust received 30 per cent and the Rezai brothers 70 per cent, which enabled the Iranians to take control of the company.<sup>288</sup> The objective of the contract was stated as the discovery, exploration, and extraction of copper in the Sarcheshmeh mine. The initial exploration and geological costs, paid for by the Rezai brothers, were to be included in the total capital. The brothers were to be responsible for buying property, providing all tools and machinery, meeting local disbursements and paying the salaries of the British staff. For their part, Selection Trust would be in charge of technical management and preparing the finances. The requisite investment was estimated at some \$130 million which was entirely entrusted to Selection Trust; moreover, all risks were to be borne by Selection Trust.<sup>289</sup>

By the end of 1968, six discovery machines had been used to sink exploration boreholes, with a total combined depth of 10,180 m, and by 1969 there were 160 wells with a combined depth of 26,884 m.<sup>290</sup>

The outcome was a mine bigger than their initial assessment, for the

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287 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 3.

288 Aliasghar Sa'idi, *Technocracy and Syasatgozari-ye Eqtesadi dar Iran be Revaiat-e Reza Niazmand* [Technocracy and Economic Policy Making in Iran: Reza Niazmand's Narrative] (Tehran: Loh-e Fekr, 1394 [2015]), 220.

289 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 7.

290 Letter of Budget and Plan Organisation, September 14, 1969.

estimate was 82,000 tonnes of copper per year, but further investigation had suggested the yield might be up to 150,000 tonnes annually.<sup>291</sup> The Sarcheshmeh Copper Mine was the Selection Trust's first foray into the Middle East, and they were keen not to lose this precious project. Therefore, the Trust hired a former British diplomat, one Anthony Roos Moore, who had worked in the Middle East and was familiar with the people and power structures of the region. He was then appointed to assist with negotiations with the Iranian government, as well as with their Iranian partners.<sup>292</sup>

### **The State, Technocrats, and Copper Industry Development**

The mega scale of Sarcheshmeh Copper Mine and its ties with the industrial development of Iran was a significant project for the Shah, as he personally followed developments, despite the project being in hands of the private sector. The Shah even met the Selection Trust's managers at the Sa'dabad Palace and expressed his gratitude for their satisfactory work, saying: "Sarcheshmeh's reputation is widespread, everybody is talking about it."<sup>293</sup> He chased the progression of the project in his day-to-day meetings with ministers as well as giving them advice and commanding that they lead its establishment. For instance, when the Rezai brothers had made no progress with obtaining a loan, they decided primarily to extract those parts of the mine which contained high-grade copper, then moving to lower grade parts, but the Shah objected and insisted that the whole mine must be

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291 Warton-Tiger to Mahmud Rezai, 18 March 1971, Selection Trust Records, London School of Economics and Political Sciences.

292 Obituary, "Anthony Roos Moore," the Daily Telegraph, December 13, 2000, <http://www.telegraph.co.uk/news/obituaries/1378049/A-R-Moore.html>.

293 Report of Meeting at Sa'dabad Palace, November 18, 1969. Selection Trust Records, London School of Economics and Social Sciences.

extracted simultaneously.<sup>294</sup> A few days later, the Shah asked ‘Alam, the Minister of Royal Court, to summon the British ambassador to clarify that if the Shah were not assured about the method of extraction at Sarcheshmeh Copper Mine, he would not allow Selection Trust to proceed with the project.<sup>295</sup>

As was shown, the Shah’s intervention in this project was in line with national strategic interests. The Shah and his technocrats were conscious of the effect a dependency mechanism might have on the nature of relationships with foreign investors. One of their main concerns was that Iran should be attractive to core consumer countries as a source of raw materials.<sup>296</sup> In the above meeting, Mr Thomas, a member of the Selection Trust team, suggested that it would be better to focus on establishing copper open casts and concentrate, with no smelting or other manufacturing industries. However, the Shah vehemently expressed his objection to that and responded:

"That would be impossible. It might be all right for savages in Africa but not in Iran! It would be absurd to send the powder out of Iran and then bring copper back again. Iran should have its copper manufacturing industries."<sup>297</sup>

In another conversation with a British diplomat regarding with the status of Selection Trust at Sarcheshmeh Copper Mine, the Shah

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294 Assadollah ‘Alam, *Yadashtha-ye ‘Alam Jeld-e Dovvom* [‘Alam’s Memories Vol. 2] (Tehran: Mo‘in, 1385[2006]), 137.

295 Ibid., 140-141.

296 In his *Theory of World System*, Immanuel Wallerstein divides the countries into three groups of core, periphery and semi-periphery. His idea is based on inequality in political and economic power between the countries across the globe. The core refers to dominant countries while the periphery indicates the dependent and undeveloped regions. As Wallerstein states, the periphery became the source of supplying raw material for manufacturing products at the core region, and the manufactured goods will then dominate their market at the core region. See Immanuel Wallerstein, *World System Analysis: An Introduction* (London: Duck University Press, 2005).

297 Report of Meeting at Sa’dabad Palace, Selection Trust Records, London School of Economics and Political Sciences.

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articulated that British companies must learn to treat Iran more as an equal, not as an undeveloped country.<sup>298</sup> The Shah then strove to implement a policy to make the country self-sufficient with regards to strategic commodities that it could manufacture at home. To do that, it was also stipulated that the company must never pre-sell more than a year's worth of copper, in order to ensure that the manufacturing of all copper into copper products should take place inside Iran.<sup>299</sup>

The extensive scale of the Sarcheshmeh Copper Mine created an opportunity for establishing an advanced copper industry to help boost the national economy.<sup>300</sup> Indeed, according to a comparison between the Anaconda Company's income, which was mostly earned from the extraction of copper deposit in Chile, and Iran's oil income, some of the Shah's consultants even claimed that copper could have the potential to replace oil in Iran's export basket in the future.<sup>301</sup> The Shah publicly expressed this in his inaugural speech at Sarcheshmeh in 1976, when stated that Sarcheshmeh Copper Mine could enable Iran to shut down its oil wells to preserve them for future generations.<sup>302</sup> Aside from uncertainty about the accuracy of the Shah's claim, it is also indicative of his horizon and his desired strategy for the development of Iran. The Shah's prediction about the

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298 FCO 17/1526, The National Archives. It must be considered that there was a robust nationalist discourse in Iran which insisted that the country's natural resources must be nationalised and owned by the state, not foreign countries. The matter was raised, for instance, in an article in *Kayhan International Newspaper*. This matter was also mentioned in a letter from a British diplomat, that "their [i.e. the Iranians] thinking is coloured by interpretation of the history of their oil industry and their determination not to be taken for more rides by the foreign capitalist." See FCO 17/863, The National Archives, July 24, 1969.

299 Royal Office to Reza Niazmand, Managing Director of the Sarcheshmeh Copper Industries Corporation of Kerman. Reza Niazmand's personal records, Sharivar 12, 1352 [September 3, 1973].

300 Robert Sisselman, "Copper: Iran's Latest Desert Bonanza," *Engineering and Mining Journal*, (February 1978), 58.

301 Reza Niazmand, "Nagofteha-ye Dr Niazmand az Chegonegi-ye Rahandazi-ye Mes-e Sarcheshmeh" [Niazmand's Untold on Formation of Sarcheshmeh Copper Mine], *Mes Press*, Khordad 12, 1392 [June 2, 2013]

302; Abdolreza Mohammad-Rezai, Interviewed by Author, December 5, 2013.

inconsistent status of oil in the future of the global economy, and the fact that oil would not be a reliable income-generating commodity indefinitely, showed that he imagined founding an advanced pathway of development to lead Iran's economy towards less dependency on oil. His strategic approach was intended to preserve Iran from the delicacy of being a single product economy. Therefore, he aimed to promote other industrial sectors, as well as extractive resources, to construct Iran's economy on a multi-income basis.

The second point is the Shah's concern for future generations, which in the 1980s matured into the idea of sustainable development, prioritising preservation of the environment and protecting the planet from the damage caused by over-aggressive development in order for it to remain habitable. From an ontological point of view, the idea goes much further, arguing that right and ownership it is not determined solely on the present; instead, it traverses time to be made applicable to the future. In other words, we must respect the next generations' ownership of current resources and preserve it by applying a sustainable method in extracting natural resources.

### **Nationalisation of Sarcheshmeh Copper Mine 1972**

The scale of the Sarcheshmeh copper project faced the KCI with a financial shortage. They approached some financial institutions and foreign banks to obtain a loan, but none showed interest, mainly because of the nature of the contract as well as a downtrend in the copper market, which most financial institutions assessed as a high-

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risk investment.<sup>303</sup> The finance sector required a guaranteed ten years' pre-sale copper blister of an annual 80,000 tonnes without agreement on a minimum price, but this was not accepted.<sup>304</sup> Therefore, the Rezai brothers and Selection Trust made an offer to the Iranian government stating that if the government was interested in investing in the mine, the terms of the contract could be amended to allow for it to join the business. However, the answer was again negative — the state declared its preference for the mine to be managed by the private sector.<sup>305</sup>

From November 1967 until March 1971 Selection Trust maintained an active presence in the project as well as being intensely involved in negotiations with state representatives in a bid to make their position more stable.<sup>306</sup> However, the negotiations made no satisfactory progress, and as the investment outlook was not clear, the plant closed for a time. Since Selection Trust assumed that its presence might improve their chances of remaining in the project, at least as a contractor, they continued on site, but only on a minimum operational scale. Meanwhile, the other giant corporations tried to grasp this opportunity to challenge Selection Trust's position by making offers. Indeed, in some cases, foreign ministries and embassies actively promoted and supported their companies in their efforts to be given

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303 E. C. Wharton-Tiger (Managing Director of Selection Trust) to Mahmud Rezai, March 18, 1971, Selection Trust Records, London School of Economics and Political Science, 2.

304 *Seherkat-e Motale'at-e Tarha-ye Jame'-e Felezat-e Iran*, "Baresi-ye Zaminshenasi VA Ekteshafat Kanha-ye Mes dar Iran, Vol II" [The Analysis of Geology and Discoveries of Copper Mines in Iran], (Veazarat-e Ma'aden va Felezat, Bahman 1368[February 1989]), 62-63.

305 Abbas Milani, *Eminent Persians: Men and Women Who Made Iran 1941-1979* (New York: Syracuse University Press and Persian World Press, 2008), 671; Mohammadali Kazemzadeh, *Tarikh-e Mes-e Sarcheshmeh-ye Kerman* [The History of Sarcheshmeh Copper Mine of Kerman] (Sherkat-e Melli-ye Sanaye'-e Mes-e Iran, 1360 [1981]), 12.

306 Selection Trust's interests were supported by the British Foreign Office. For instance, see FCO 17/1526, Confidential Report of Foreign Office, November 11, 1971, 3, The National Archives.

contracts for the construction or operation of the mine.<sup>307</sup> Negotiations began to heat up as different companies contested in public as well as backstage. Among the rival concerns was City Services with Kennecott; a consortium led by the American Smelting and Refining Company (ASARCO); and other companies including Phelps Dodge from Japan, Selection Trust from Britain, Pechiney from France,<sup>308</sup> Union Miniere from Belgium and a company from West Germany.<sup>309</sup>

Selection Trust, still greatly interested in this project, offered five proposals.<sup>310</sup> From mid-April to 26 May 1971, at least three times they sent a high-profile team to negotiate with the Minister of Economy, Houshang Ansari.<sup>311</sup> However, the meetings made no progress, which was far from good news for Selection Trust as it was left with no choice but to leave behind a rare and valuable opportunity, which featured in all the international economic newspapers of the time.<sup>312</sup> Finally, in a regretful letter written by the Managing Director of Selection Trust to his employees, it was announced that the company had stopped working at Sarcheshmeh Copper Mine.<sup>313</sup> Selection Trust ceded its rights in March 1971.

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307 For instance, a letter from the Iranian Foreign Minister to the Iranian Economic Minister mentioned that the Iranian ambassador to Belgium had been talking to the Belgian Minister of Foreign Affairs about a request from a Belgium company for consideration as a contractor for the Sarcheshmeh Copper project. The Belgian Minister expressed concern that competitors, mainly US companies, might be chosen not for technical and business reasons. July 25, 1355, Archive of Iran Presidency Institution.

308 Despite a good offer, Pechiney could not meet the terms; it seems that political reasons were involved in omitting Pechiney from the competition. It was said that the Shah had become incandescent with rage when French President Pompidou declined the Shah's invitation to the 2,500 Year Celebrations of the Persian Empire in Iran. He dropped Pechiney and so there was no chance for a French company to become a business partner in the project. FCO 17/15/26, The National Archives.

309 FCO 17/1526, letter of the British Embassy in Tehran, 1 June 1971, The National Archives.

310 FCO 17/1526, letter of the British Embassy in Tehran, 26 May 1971, The National Archives.

311 Ibid.

312 Financial Times, December 10, 1967; Financial Times, January 5, 1971; Mining Journal, December 15, 1967; Metal Bulletin, December 19, 1967; Scotsman, December 11, 1969.

313 Selection Trust Annual Report, Selection Trust Records, London School of Economics and Political Sciences, 1971.

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After a long period of negotiation with various companies as well as financial institutions, the High Economic Council of Iran finally declared the nationalisation of Sarcheshmeh Copper Mine on 13 December 1971. In the meeting, the Shah frequently championed the viability of the Sarcheshmeh copper project.<sup>314</sup> Eventually, the mine became state-owned, and the SCMCK was established on 3 July 1972.<sup>315</sup> Then, the Iran copper industry was nationalised on 11 July 1976, and the company was renamed NICICO,<sup>316</sup> managing and controlling all copper mining activities in the country.<sup>317</sup>

The nationalisation of the Sarcheshmeh ore reserve and the surrender of its ownership to the state created a controversy, leading to two contradictory accounts regarding nationalisation of the mine. To examine the two different narratives, attention is drawn to the specifications of each period and the role of different agents in mobilising the project, in order to adumbrate a larger picture of the relationship between the state and the industrial entrepreneurs. It also laid the ground for further discussion about the two different narratives and examining the claims, by studying the evidence within the economic and political structure.

The first version was spread mainly by the original holders of the mine, the Rezai brothers, who claimed that the Shah coerced them, so that they had no choice but to agree to nationalisation; a claim

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314 High Economic Council report.

315 Sarcheshmeh Copper Complex guidebook, 3.

316 National Iran Copper Industries Corporation

317 July 11, 1976 [Tir 20, 1355] was designated the national day of the Iran Copper Industries. Festivals and celebrations were arranged in cities associated with the NICICO, such as Bandar Abbas, Kerman, Sarcheshmeh, and Tehran.

supported by some Iranian historians such as Abbas Milani.<sup>318</sup> In his book, *Eminent Persians*, Milani states that when Mahmud Rezai received news of the nationalisation of the Sarcheshmeh mine, he called ‘Alam, Minister of the Royal Court, requesting support for a suspension of the order, but the answer was negative as A‘lam stated that “there is no chance as it is the Shah’s order”. Then Mahmud Rezai went to great lengths to try to gain an audience with the Shah, but his request was refused.<sup>319</sup> Ali Ebrahimi, Mahmud Rezai’s nephew and his deputy at Sarcheshmeh mine project, also affirmed the allegation and said that: “The nationalisation of Sarcheshmeh did not take place on a regular base. In less than six months, Sarcheshmeh was nationalised with no notice given to the owners. I was abroad when its news was broadcast from the radio news programme.”<sup>320</sup> The claims sometimes go further and state that the Shah effectively confiscated the mine. However, according to official evidence that was not true, and the state repaid all the costs and forfeited privileges to the Rezai brothers and their partner, the Selection Trust Company. Moreover, in a broader context, some people argued that the nationalisation of industries in Iran was evidence of the totalitarianism of the Shah’s regime, as it revealed the Shah’s intention to dominate the whole economy.<sup>321</sup>

On the other hand, a slightly different narrative was given, which received more credence than the first. It principally suggests that

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318 Abbas Milani, “Tajadod dar Iran [Modernity in Iran],” YouTube video, Special Talk, posted by “Persian Atheist /”, 12 December 2016, accessed February 19, 2014, <http://www.youtube.com/watch?v=ILN5JxallI4M>

319 Abbas Milani, *Eminent Persians: Men and Women Who Made Iran, 1941-1979* (New York: Syracuse University Press and Persian World Press, 2008), 671.

320 Ali Ebrahimi, Interviewed by Author, March 16, 2014.

321 For instance, the Iranian economics, Sa’id Leylaz, raised that argument in an interview by the author. In Sa’id Leylaz, Interviewed by Author, May 17, 2016.

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although there was no force on the private sector to sell the mine, no other choice remained to them. The state stepped in to take the project to the next level, and ultimately the Rezai brothers gave away their rights under very fair terms.<sup>322</sup> In the end, while observations reveal the invalidity of both claims, it means that it happened neither by force nor through free choice, but nationalisation of Sarcheshmeh Copper Mine occurred as a legal procedure based on Iran's industrial development strategy.

The government's focus on industry and its provision of facilities to the private sector resulted in considerable industrial growth during the 1960s.<sup>323</sup> However, based on Iran's industrialisation strategy, the state was designated a fundamental role within that process.<sup>324</sup> According to Jahangir Amuzegar: "The state tried to establish an economic democracy."<sup>325</sup> To achieve that, all resources and industries which were crucial to the common interest were placed in public hands. Nationalisation was applied to strategic industries such as copper, steel, petrochemicals, airlines, railways, communications media, and natural resources such as water, fishing rights, forests, oil and mineral deposits, and farmland.<sup>326</sup> Chief among them, as Hirschman states,

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322 Reza Niazmand, Interviewed by Author, January 4, 2015.

323 Sa'id Leylaz, "Naft San'at ra Koshat" [Oil Devastated Iran's Industry], *Tejarat-e Farda Weekly*, no. 70, Azar 30, 1392 [December 21, 2013], 24.

324 However, that almost passionately supportive attitude of the private sector did not last long, as the Shah's approach gradually changed until by the late 1960s the private sector had lost its importance in his economic plan. As Leylaz states: The change mainly resulted from the rapid rise of oil revenue which increased the Shah's confidence in proceeding the industrialisation in the absence of a robust private sector. For instance, all metal smelting industries and electrical power generation were taken out of the private sector; and the Shah even wanted to nationalise the production and export of carpets. See Sa'id Leylaz, "Naft San'at ra Kosht" [Oil Devastated Iran's Industry], *Tejarat-e Farda Weekly*, no. 70, Azar 30, 1392 [December 21, 2013], 25.

325 Jahangir Amuzegar (1920-2018) was an Iranian economist and politician. He served as Iran's Minister of Commerce (1962-1963) and Iran's Minister of Finance in 1962. He also held the position of executive director of International Monetary Fund.

326 Jahangir Amuzegar, *Iran: An Economic Profile* (Washington DC: The Middle East Institute, 1977), 11-12. Insisting that strategic industries must be state-owned reveals that something else caused concern for the Shah -that a powerful private sector would gain independence; indeed it might start competing

steel, copper, and car manufacture had close connections with other industries which could expand the economy considerably if promoted by the state rather than the market.<sup>327</sup>

Amuzegar's statement contains two vital points regarding the state's significant investment in mining development. One is a judicially-based ethical cause, which insists that ownership of natural resources must be in the hands of the public. The second is a political cause which avows that strategic industries must be under the control of the state.

There is also a fundamental cause which is raised in an argument entitled 'infant industries'. The idea put forward intervention of the state in establishing and running new domestic industries in the absence of a robust private sector, as the newly-emerging industries faced enormous difficulties during their establishment, as well as during their future operation when production was flowing to the competitive market. As a result, in order to protect the new industries in their embryonic stage of industrial development, some economists recommended a state interventionist solution which was presented as the Infant Industrial Argument in order to protect the fledgling industry against market fluctuations and foreign competitors. The idea was initially promulgated by Fredrick List and then developed by Alexander Hamilton, and seeks to justify the presence of the state in a specific industry or economic sector in the early years of its

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with the government. Moreover, metals were crucial for some industries, and material prices could have a direct effect on a product the primary component of which is one of the base metals, raising the price for end users.

327 See Ha-Joon Chang, *Economics: The User's Guide* (London: Penguin Books, 2014), 137.

establishment.<sup>328</sup> Apart from Britain and Hong Kong, and to a certain extent India, most other countries in the nascent stages of industrialisation provided significant contributions from their governments, which ran certain industrial sectors.

As far as Sarcheshmeh Copper Mine was concerned, the Rezai brothers' inability to establish the project would predictably lead them into further crises when the mine reached its operational stage and the output had to be placed on the free market to compete with other contenders. In effect, the Iranian copper industry, which was founded on the discovery and establishment of Sarcheshmeh Copper Mine, would not be able to meet the company's principal targets which would be pushed out by market forces. Therefore, the presence of a powerful agent, here meaning the state, in the Iranian copper industry, would be influential in constructing a strong copper industry in order, primarily, to protect the freshly established industry from the vicissitudes of the competitive metal market, and then to promote its development to the top.

Based on advice from technocrats, mainly from Reza Niazmand, the first managing director of the SCMCK, the Shah agreed that a fair package should be offered to the Rezai brothers and Selection Trust, although legally the state was not obliged to pay.<sup>329</sup> Niazmand was principally concerned with settling up with the Rezai brothers and Selection Trust.<sup>330</sup> The settlement process was undertaken twice. The first time, Niazmand asked Qasem Rezai, the youngest of the Rezai

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328 Mehdi Shafaeddin, "Fredrick List and the Infant Industrial Argument," in the *Pioneer of Development Economics: Great Economists on Development*, ed. K.S Jomo (London: Zed Books, 2005), 42.

329 Reza Niazmand's notes. In Reza Niazmand's personal records.

330 Some even went further and claimed that the Shah effectively confiscated the mine, but as will be explained the state repaid all the costs and forfeited privileges to the Rezai brothers and Selection Trust.

brothers, to bring official sanction from the other owners for settlement. According to their agreement, the SCMCK must pay for all lands that had been bought, mining instruments that were accounted for, and administrative costs. However, Mahmud Rezai later objected and claimed that the Sarcheshmeh Copper Mine was worth much more.<sup>331</sup> His claim was delivered to the Shah, who ordered an audit of Mahmud Rezai's assertion, which was undertaken by an assessment team. The Shah personally reviewed different packages with Mohammad Safi Asfya, the deputy prime minister, and Farokh Najmabadi, Minister of Industry and Mines, and the final assessment committed the SCMCK to payment as follows:

1- Those expenditures paid by KMC and not settled by KCI, were to be paid off according to a 1971 balance sheet. That was in exchange for the transfer of an exploitation licence and received assets and their rights. 2- They should pay 10 per cent annual interest on those unsettled expenditures to KMC until the date of pay-off. 3- Payment to be made of the equivalent of two and a half million British pounds to KCI at the exchange rate of the Iran Central Bank's rials in five annual instalments. 4- Payment of forty million rials to KCI in five instalments, as a reward for their discovery of the mine. 5- 1.4 million British pounds to be paid to Selection Trust in two instalments as reimbursement of their expenditure on the mine. Interest to be added to the second instalment. 6- 250,000 British pounds to be paid to Selection Trust for its further activities at the mine after the expiry of

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<sup>331</sup> Letter of Mahmud Rezai to the Shah, dated Tir 29, 1351[July 20, 1972], Reza Niazmand personal records.

its contract with its Iranian partner.<sup>332</sup> However, Mahmud Rezai was again displeased with the new assessment and let it be known that he had expected a somewhat better offer. In response the Shah issued a veiled threat, saying, “Tell him if he does not accept it, we will call for nationalisation of the Sarcheshmeh Copper Mine!”<sup>333</sup>

In conclusion, the nationalisation of the Sarcheshmeh Copper Mine was based on Iran's industrial strategy and the weakness of the industrial entrepreneurs in a legal process. Therefore, even if the private sector had been able to resolve the financial issue, there was a high probability that the state would still have asked for acquisition of the mine based on the principle that the state must control Iranian heavy industry and strategic metals. As a result, the nationalisation of the Sarcheshmeh Copper Mine was neither a direct compliance with the Shah's will without a developmental framework background nor, according to Alikhani's claim, were there “some roots of socialism in the Shah's view, not in manner but aims”,<sup>334</sup> which he raised in response to a question about the growth of nationalisation of industries and less consideration being given to the private sector in the 1970s. It also undermines the allegation that the Pahlavi regime's totalitarian mode of governance wished to control the whole economy

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332 According to the correspondences and records of the meeting on the transition of Sarcheshmeh Copper Mine, Reza Niazmand's personal records.

333 Aliasghar Sa'idi, *Technocracy VA Syasatgozari-ye Eqtesadi dar Iran be Revaiat-e Reza Niazmand* [Technocracy and Economic Policy Making in Iran: Reza Niazmand's Narrative] (Tehran: Loh-e Fekr, 1394 [2015]), 222.

334 Alinaqi Alikhani, “Shah Farifteh-ye Daramadha-ye Nafti Shod” [High Oil Income Deceived the Shah], interviewed by Mohammad Taheri, *Tejarate Farda Weekly*, no. 56, Shahrivar 16, 1391 [September 6, 2012], 39; Asadollah 'Alam, 'Alam's Memories Vol.2, 335.; Hossein Dehbashi, *Eqtesad va Amniat: Khaterat-e Alikhani* [Economy and Security: Alikhani's Memories], 200.

by nationalising industries, as Sa'ïd Leylaz claims, and a was despotic oriental society as Abbas Milani states.<sup>335</sup>

Therefore, founded on the high political stability and rapid economic growth of Iran in the 1960s, and the state's access to considerable oil revenue which enabled them to cover the shortfall in the expert knowledge, modern technology, and a skilled labour force for establishing a semi-dependent mining sector,<sup>336</sup> the Iranian state was the most appropriate agent for taking over the Sarcheshmeh Copper Mine in order to establish and lead the Iranian copper industry.

### **A Technocrat**

The Shah and his consultants deliberated the future of the Sarcheshmeh Copper Mine, as it was predicted to have a significant impact on industrial development and the growth of the copper industry in Iran. He assiduously reviewed the track record of high-profile technocrats, consulting authorities with integrity to scrutinise worthy experts in his search for a managing director of the company. Reza Niazmand was selected, a well-informed technocrat with many achievements in founding state institutes and implementing effective industrial development programmes. Niazmand's reputation was not

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335 Sa'ïd Leylaz, Interview by Author, May 18, 2016; Abbas Milani, *Eminent Persians: The Men and Women Who Made Modern Iran*, 671. Although Milani mentions the Shah's intention in controlling the strategic commodities, he does not recognise it as an economic strategy which was not uncommon in the world but sees it rather as very much the Shah's will.

336 By semi-dependent I mean that in the medium-term they would be dependent on technology and management. The company planned to train local experts and train a labour force to replace foreigners in the future. However, in the documentary film produced by the company, it was claimed all work in the Sarcheshmeh project was done by Iranian experts.

determined by his knowledge and expertise, but by his overwhelming commitment to his profession and to national interests.<sup>337</sup>

The Shah informed Niazmand via Houshang Ansari, the Minister of Economy, about the new position. However, Niazmand respectfully declined, stating that the chosen Chief Executive Officer was a notorious statesman who would undermine his authority. This response was unexpected. It prompted the Shah to send a message to the effect that he would prohibit the chief executive from interfering in company affairs, and that he would also instruct him not to enter the company's premises. But Niazmand's answer was again negative. After a few days, Houshang Ansari telephoned Niazmand and said: "As the Shah is very attentive to the Sarcheshmeh project, he is appointing you as the managing director and chief executive officer".<sup>338</sup> That was an acknowledgement of Niazmand's standing with Shah.

Niazmand described the day of introduction in following words:

"The Shah was talking to me while keeping my hand: Why did you run away? I was surprised and replied, because of the Budget and Plan Organisation. When someone is appointed to run a project, and the Budget and Plan Organisation approves the feasibility study and the allocated budgets, then they have to disburse according to the approved plan. I sincerely request that you now place a strong command regarding the issue of running Sarcheshmeh. While the

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337 A distinct man in the Shah's economic team who has recently been praised overwhelmingly for the crucial role he played in industrial development in 1960s and 1970s. Some titled him as the general of industrialisation in Iran.

338 Aliasghar Sa'idi, *Technocracy VA Syasatgozari-ye Eqtesadi dar Iran be Ravaiat-e Reza Niazmand* [Technocracy and Economic Policy Making in Iran: Reza Niazmand's Narrative] (Tehran: Loh-e Fekr, 1394 [2015]), 216.

Shah still kept my hand he scowled and commanded to the Prime Minister, Majid Majidi, head of Budget and Plan Organisation, and Houshang Ansari that the approved Sarcheshmeh credit must be disbursed on time”.<sup>339</sup>



Figure 5: The first three persons from right to left: Reza Niazmand, Alinaghi Alikhani, and Mohammad Yeganeh

### Reza Niazmand's Profile

Reza Niazmand was one of the noteworthy technocrats during the Pahlavi era who originated from Reza Shah's educational development programme which expanded higher education and

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<sup>339</sup> Ibid, 216.

introduced a supportive scheme to send Iran students abroad to complete university degrees, which was partly targeted to produce professionals to lead Iran's developmental plans. The outcome was an enthusiastic body of experts, mostly graduates of top universities in Europe and North America, who participated in Iran's developmental plans.<sup>340</sup> The state organisations absorbed these experts of merit, with the intention of shaping a body of leading technocrats who would contribute to the design and implementation of the social and economic strategies. They established several advanced economic institutions, including the Industrial Development & Renovation Organisation of Iran (IDRO), and ran numerous industrial projects and developmental plans.



**Figure 6: Reza Niazmand**

Reza Niazmand was born in Kermanshah in 1921 and graduated in Mining and Metal Melting from the Industrial College of Iran-

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340 Mas'ud Nili and Mohsen Karimi, *Barnamehrizi dar Iran 1316-1356* [Planning in Iran 1937-1977] (Tehran: Nashr-e Ney, 1396), 48-49.

Germany in Tehran. After graduation, he worked in the Vanak factory in Tehran. Years later, he left for New York, to be educated in industrial management, but he could not complete his degree because he had to return home for family reasons. He then began working in the Budget and Plan Organisation. Thereafter, he was appointed as the managing director of Textile Corporation, and then Rey Cement Corporation. The private sector was rife with nepotism, with no knowledge of how to establish and manage industrial plants. Therefore, the state founded the Centre of Guidance of Industries and Niazmand was appointed as its first head. He later restructured the Centre and was acclaimed by the Industrial Management Organisation for promoting the training of modern industrial managers.

The state decided to merge the Ministry of Industry & Mining, Ministry of Commerce, and Customhouses into a Ministry of Economy and appointed Alinaqi Alikhani as its minister. Niazmand then served as industrial and mining deputy to Alikhani and played an important role in planning the strategy of Iran's industrial development, leading to a substantial industrial growth in the 1960s.

Industrialisation in the global south generally relies on imported technology from advanced countries. This inevitably renders the host dependent on the technology's owner, which creates a delicate situation during international crises, particularly for the host, since the technology can be used as a strategic means of pressure in the hands of industrial powers. Therefore, the industrial policymakers tried to determine a pathway of industrial development to lessen the strategic effects of technological dependency. This was a crucial issue during the political climate of the cold war, which led to the formation of a

binary international power bloc in the 1960s and 1970s. The cold war comprised three main specifics, namely bipolarity, containment, and aid-donor competition.<sup>341</sup> Following WWII and the shift in global power, the US ascended to be the predominant world power and the chief representative of capitalism. Socialism, too, with its apparent championing of the Soviet Union soon signalled the rise of bipolarity in world dynamics. The US thereupon sought to curb the spread of communism within the paradigm of modernisation, devising a surge in economic development in undeveloped countries. Thus, the US provided financial and technological aid to targeted countries to lead them towards “prosperity”. Subsequently, the close relationship between the Shah and the US, particularly in the aftermath of the 1953 coup, led to support from the US for developmental programmes in Iran. However, Iranian technocrats acted with caution to shield the country’s industrial progress from future frictions in international relationships, specifically in Iran's foreign relations with the West. As a result, the state strove to maintain a strategic balance by setting up industrial infrastructures based on importing the technology from both blocs. Despite the tight cooperation between Iran and the West, the Shah and his technocrats attempted to increase the level of economic exchange by importing technology from the Eastern bloc. Tehran, therefore, hosted the first Industrial and Trading Exhibition of the Soviet Union on 18 May 1965, to display the economic ties between Iran and the Soviet Union in the Cold War period.<sup>342</sup> The Shah then established an ambitious industrial project in

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341 P.W. Preston, *Development Theory: An Introduction* (Oxford: Blackwell Publisher, 1996), 167.

342 *Majaleh-ye Burs* [Burs Magazine], *The Soviet Union’s Exhibition in Tehran*, no. 22, Khordad 1, 1344 [May 22, 1965], 2.

Isfahan, a steel industry, in cooperation with the Soviet Union.<sup>343</sup> In his inaugural speech of March 1968, the Shah said explicitly that the West avoided giving Iran its knowledge and technology in the steel industry. He then fervently pronounced that nothing would stop Iran from development.<sup>344</sup>

Iran's economic turn towards the Eastern bloc was not determined by the Isfahan Aryameher Steel Company, but was prolonged over several mega-projects in heavy industries which were all instigated through a newly established organisation, the IDRO. IDRO was founded by Nizamand to develop industries which the private sector had insufficient capability to run. He designed a responsive organisation to hasten the rhythm of industrial progress, through keeping the IDRO away from cumbersome state bureaucracy. During his four-year appointment, Niazmand established four large-scale industrial plants, three in cooperation with countries from the Eastern bloc; Tabriz Machin Tools Manufacturing, with the help of the then Czechoslovakia, Tabriz Tractor Manufacturing aided by Romania, Arak Machin Tools Manufacturing with the assistance of the Soviet Union, and the Iran Aluminium Plant in partnership with an American

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343 Some scholars state that the project was secretly agreed with the Soviet Union in order to prevent interference and disruption by others, specifically the United States. The West had no desire to equip Iran with industrial technology for steel-making. However, the evidence points the opposite way; in a letter from the British Embassy in Tehran to the British Foreign Office and the US embassy, he cautioned that Iran was planning to make an agreement with the Soviet Union to set up a steel mill. In response, the British Foreign Office declared that Britain no longer had any concerns in connection with the establishment of a steel mill by the Soviet Union. They said that if the project proved to be feasible, then HM State would support British companies to step in with counter-offers, but that according to British research the project would not be economically viable. Almost the same reaction was received from the US embassy. See; FO 371-170410, Letter from British Embassy in Tehran, September 28, 1963, The National Archives; See FO 371-170410, |A Letter from British Foreign Office, November 8, 1963, The National Archives.

344 According to one of the worker, the Shah stated that in his inaugural speech.

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company, Reynolds.<sup>345</sup> In addition, he established two building construction companies in Tabriz and Arak to build two towns there for the companies' workers and staff.<sup>346</sup>

Niazmand was then called to develop the Sarcheshmeh Copper Mine which he equipped with imported technology from Western countries, mainly the US. His choice was implicitly linked with a political incident in Latin America: the rise of the socialist party in Chile in the 1960s and 1970s and nationalisation of the Chilean copper industry, leading to severance of control by the Anaconda Company, an American giant controlling Chilean copper. Basically, countries with huge copper reserves in the global south had been targeted by international companies, as they secured long-term control over copper deposits mainly in Africa, such as those in Zambia, and those in Chile in Latin America. In the world of copper industries, there were several leading countries, such as Chile, Mexico and Zambia, whose nationalisation of copper ore deposits became controversial.<sup>347</sup> Chief among them, Chile has the most significant copper ore reserves in the world such as Chucucamta, El Salvador, and Potrerillos. Despite the fact that the Chilean economy was reliant on copper production, for decades the country had no control over its copper resources as they were mostly in the hands of American companies, predominantly Anaconda, one of the biggest copper mining

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345 Taqi Tavakoli studied the projects in Arak and in Tabriz. He was also a member of Iran's negotiation team. Tavakoli was later appointed as the second managing director of Sarcheshmeh Copper Mine ahead of Niazmand. Taqi Tavakoli, "Sarcheshmeh ra Sakhtim ba Hashem-e Gholha" [We Constructed Sarcheshmeh with Hashem Gholha], *Mes Magazine*, no. 53, Dey 1392[January 2014], 49. The exploration and extraction of Zarand Coal Mines at Kerman province was among the large-scale mining projects which were established based on importing technology from Soviet Unions.

346 Aliasghar Sa'idi, *Technocracy va Syasatgozari-ye Eqtesadi dar Iran be Revaia-e Reza Niazmand* [Technocracy and Economic Policy Making in Iran: Reza Niazmand's Narrative] (Tehran: Loh-e Fekr, 1394 [2015]), 180.

347 David Humphreys, *The Remaking of the Mining Industry* (Berlin: Springer, 2015).

companies in the world. The election of Salvador Allende as the first socialist president of Chile in 1971 promoted nationalism and anti-imperialism discourse in the Chilean political arena. The first move was to be the release the Chilean economy from the domination of the American company. Therefore, Allende declared the nationalisation of copper in Chile and the state ultimately took control of the copper industry.<sup>348</sup> This ended decades of Anaconda's domination of the Chilean copper industry, placing Anaconda in a serious financial crisis.<sup>349</sup>

As was mentioned, Niazmand took this opportunity to negotiate with Anaconda regarding the Sarcheshmeh Copper Mine. He immediately scheduled a trip to the US, with no prearranged appointment, for a meeting with the managing director of Anaconda. The first meeting was productive, coming to an initial agreement. That was a big step forward, as the Iran copper industry brokered Anaconda's cooperation, which arose from the persuasive scale of Sarcheshmeh, Anaconda's crises, Iran's political stability and promising future, and the proficiency of Niazmand and his team.<sup>350</sup>

Niazmand then returned to Iran and requested a legal team to provide a draft contract for a future meeting based on the initial agreement. However, he later reported that a set of experts from Anaconda were

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348 The nationalisation of copper by Salvador Allende in Chile is comparable with what occurred in the nationalisation of Iranian oil by Iran's Prime Minister, Mosaddeq. They both rose up against the domination of superpowers on their mineral resources, Britain in Iran and the US in Chile, both were thrown up by a coup orchestrated by the US. However, the nationalisation of the copper industry in Iran was driven by strategic-economic factors, rather than struggling for independence and wrenching copper resources from the control of superpowers.

349 The US government came to support Anaconda by threatening to place hefty sanctions against Chile, but the threat did not change Allende's decision. A clash flared through the intervention of the US in supporting the Pinochet coup, Allende was overthrown in 1973, but Anaconda could never regain its previous high status in Chile.

350 Although Niazmand claimed that he only accidentally became aware of the nationalisation of copper in Chile and the turmoil within Anaconda, Iranian experts were undoubtedly aware of Anaconda's difficulties and had been intending to suggest Anaconda as a potential partner.

negotiating with the Ministry of Economy in Iran; and they had even reached an agreement regarding Sarcheshmeh Copper Mine. In fact, a group of statesmen had circumvented Niazmand in order to determine a deal with Anaconda based on their own interests. The news did not surprise Niazmand, since his long experience of working in the state had made him aware of corruption in the system. His further investigation revealed that both sides had agreed on a deal which significantly favoured Anaconda. Niazmand describes that as Turkmenchay-like, profoundly ignoring Iran's national interest.<sup>351</sup> He then stepped in and declared himself as the lawful representative of Sarcheshmeh Copper Mine, therefore any agreement without his presence, and any contract without his signature, would be unlawful.



**Figure 7: The contract being signed between SCMCK and Anaconda**

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<sup>351</sup> The Treaty of Turkmenchay was a one-sided agreement between Persia (Iran) and the Russian empire, signed on 10 February 1828, to conclude the war between Persia and Russia. Turkmenchay agreement is identified as a template for a one-sided agreement in Iran in common political assessment of their past.

Niazmand's negotiations with Anaconda went on a long time, which made the Shah concerned that Niazmand might not agree to a compromise, leading to stagnation of discussions.<sup>352</sup> However, they finally came to terms and Anaconda signed the contract as consultant of the Sarcheshmeh Copper project in 1972.<sup>353</sup> Niazmand and his successor, Taqi Tavakili, were anxious to save the Iranian copper industry from what had happened to the oil industry, which for decades had been dominated by Britain (see chapter two). They intended to keep non-Iranian hands out of Iran's copper resources and maintain Iranian autonomy over its own copper industry. Therefore, Niazmand declared that no share of the Sarcheshmeh ore body could be released to the foreign companies, as the mine was entirely owned by the Iranian state. He then proposed that Anaconda join the consultancy services for the project. Niazmand also employed a well-known man in the world copper industry, Charles M. Brinkhoff, who was the ex-president and chief executive officer of Anaconda, as the consultant. Brinkhoff initially advised him to hire a group of engineers who worked for Anaconda at Chuquicamata mine in Chile to design the Sarcheshmeh Copper Mine.<sup>354</sup> Niazmand then declared that the members of Anaconda's workforce who came to Sarcheshmeh would be Iranian state employees from their date of entry into Iran and would be treated under Iranian legislation. They would be temporarily hired, and the company would be permitted to

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352 In his regular meeting with the 'Alam, once the Shah stated that "I have good news. The contract with Anaconda will be signed today." See Assadollah 'Alam, 'Alam's Memories Vol. 2, (Tehran: Mo'in, 1385), 334.

353 Alikhani also states that the first contract did not secure the Iranian interests. Niazmand overturned it and pushed Anaconda to agree to a new contract which preserved Iran national interests. See Assadollah 'Alam, 'Alam's Memories Vol. 2 (Tehran: Mo'in, 1385), 334.

354 National Academy of Engineering, Memorial Tributes: Vol 4 (Washington DC: The National Academy, 1991 Press), 33.

dismiss Anaconda's workers by giving a payment of three months' salary and a business class plane ticket home.<sup>355</sup> Niazmand also hired the well-experienced Marketing Administration of Anaconda in London to promote the Iran copper industry on the London stock market and transferred some young Iranian employees to the UK to be trained for work in the London office. As a result, Niazmand's performance generally showed that his managerial decisions were in line with the national interest, rather than fulfilling the group interest, in establishing the Iranian copper industry.<sup>356</sup>

Another American company, Parsons-Jurden, joined the project as a contractor in the following year. As the SCMCK planned to build a company town close to the mine to house 12,000 people, the company also signed a contract with Abdol'aziz Farmanfarmaian and Associates (Consulting Engineers) in 1973 to design the town, which was named Sarcheshmeh Copper Town. The town was constructed at a distance of 5 km to the south-west of the mine in an area of 4 km<sup>2</sup>. In 1975, Taqi Tavakoli succeeded Reza Niazmand as managing director, and the Shah made his first official visit to the project in early 1976. As Tavakoli affirms, the state decided to nationalise the whole copper industry in order to preserve it from what had happened to the Iranian oil industry in the past. With assistance from the legal department, Tavakoli prepared a single article for presentation to the parliament. It was passed by the parliament, and the Iran copper

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355 Reza Niazmand, "Ekhrāj-e Avalin Amrikai az Mes-e Sarcheshmeh [The First American Who was Dismissed from the Sarcheshmeh Copper Mine]," *Asr-e Mes Magazine*, no. 55, Esfand 1392 [March 2013], 81; Aliasghar Sa'idi, *Technocracy and Syasatgozari-ye Eqtesadi dar Iran be Revaiat-e Reza Niazmand* [Technocracy and Economic Policy Making in Reza Niazmand's Narrative] (Tehran: Loh-e Fekr, 1394 [2015]), 217

356 Niazmand's performance will be examined in the next chapter.

industry was nationalised in 1976.<sup>357</sup> In 1977 Mohammad Baqer KIA was appointed as the third managing director, but he never assumed office, for he died almost immediately after he was selected. Mehdi Zarghmee following Kia as the mine's fourth and, as it proved, last managing director during the Pahlavi period. After a total investment of approximately 1.4 billion US dollars, roughly 95 per cent of the project including housing construction, water supply, extraction, concentrator, and smelter had been completed by the time of the 1979 Revolution.<sup>358</sup>

### Conclusion

This chapter discussed the development of the Iran copper industry within the developmental state framework: a concept which highlights the fundamental role of the state in economic growth and industrial development. The core of the argument is constructed upon the critical contribution of experts from state institutions, developmental strategy and political structure in economic expansion and industrial growth. It shows the development of the copper industry at Sarcheshmeh Copper Mine was built on components including the strategy of industrial development, industrial entrepreneurs, technocrats, agile institutes, state developmental view, the rise of oil income and political stability.

The Iranian industrial development programme prioritised the expansion of metal industries as the foundation of industrialisation, so

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357 Taqi Tavakoli, "Sarcheshmeh ra Sakhtim ba Hashem-e Gholha [We Constructed Sarcheshmeh with Hashem Gholha]," *Mes Magazine*, no. 53, Dey 1392 [January 2014], 51.

358 Mehdi Zarghamee, Interviewed by Author, November 3, 2016; Ali Moazeni, "Chand Reva'iat-e Mo'tabar Darbareh-ye Mes" [Some Valid Narratives about Sarcheshmeh Copper Mine], *Ash-e Mes Magazine*, no. 70, Farvardin 1396 [April 2017], 122.

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that its national metal industries would have the capacity to supply domestic industrial manufacturers with raw materials rather than importing them from outside. This was a strategy that originated from the import-substitution programme to make Iran's industrial foundations less dependent on foreign countries. Therefore, the discovery of a mega copper deposit at Sarcheshmeh drove the state to establish an advanced copper industry in Iran.

Despite the contribution of the mining entrepreneurs, the Rezai brothers, in exploring the Sarcheshmeh Copper Mine, nationalisation of the mine was indicative that Iran's industrial development strategy was reliant on the state's input in leading, investing, and implementing heavy industries and strategic commodities, while the private sector was relegated to establishing mid- and small-sized industry.

The Shah's enthusiasm for industrial development, particularly his attention to the Sarcheshmeh Copper Mine yield, set the stage for technocrats to play a more inspiring role in the pathway of copper industry development. As a result, the first managing director, Reza Niazmand, who was a well-educated technocrat, made a significant contribution to the establishment of an advanced copper industry. The Shah also stipulated that the Budget and Plan Organisation must cooperate with Niazmand. Niazmand and his successor, Taqi Tavakoli, were anxious to preserve national interests in commitments with international companies, particularly since the Iranian oil industry had been controlled by Britain for many years. Therefore, in his position as managing director, Niazmand tried to prevent corruption, which was evident in his breaking of an initial agreement which had been

brokered with Anaconda by a corrupt group inside the state. Tavakoli also insisted on fulfilling national interests by pursuing the nationalisation of the Iranian copper industry. It needs to be said, that the stable political conditions in the 1960s up to mid-1970s, as well as access to a reliable source of high income, which was oil, provided the opportunity to expand the impact of the components and agents mentioned above, in the development of the copper industry in Iran.



## **Chapter Four**

### **A Developmental State and the Formation of a Working Class**

#### **Introduction**

The previous chapter examined the formation of the Iranian developmental state, specifically the relationship between the mining entrepreneurs and the state in the expansion of the Iranian copper industry during the founding of Sarcheshmeh Copper Mine. This chapter shifts focus to the forces at the grassroots, mainly workers and their interaction with the employers, to determine the prevailing industrial relations and how they changed over time. It discusses the different agents' engagement with substantive new rules regulating the employment relationship including methods of control, wages, hours of work, etc. The procedural rules are also reviewed, encompassing management and control of the relationship between the employer and employees such as bargaining and resolution of disputes.<sup>359</sup> These will be traced through diverse consequences in three specific time periods, based on the type of ownership and the mode of management of the mine, as follows:

Kerman Mining Corporation (KMC), owned and managed by Iranian entrepreneurs, the Rezai brothers, from 1966-1967.

Kerman Copper Industries (KCI), a joint company owned and managed by the Rezai brothers and a British mining company, Selection Trust, from 1967-1971.

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359 Edmund Heery, Nicholas Bacon, Paul Blyton and Jack Fiorito, *The Sage Handbook of Industrial Relations* (eds) Edmund Heery, Nicholas Bacon, Paul Blyton and Jack Fiorito (London: Sage, 2008), 3.

The Sarcheshmeh Copper Mines of Kerman Corporation,<sup>360</sup> owned and managed by the Iranian state with the consultancy of the American mining company Anaconda from 1972-1979.

Each period has a distinctive stance towards industrial relations. In two, the classical views of the relevant management, although organised along different lines, involved mainly coercion and paternalism<sup>361</sup> which derived from the type of employer, social and economic conditions, nature of the work, and the path of traditional labour relations.<sup>362</sup> The argument also takes into account the nature of capital, as represented by Iranian entrepreneurs and the Iranian state, ownership, management, the composition of the workforce, labour formation, labour relations, labour migration, and living and working conditions. Principally, these factors shaped the policy of labour relations in specific social and economic conditions, leading to the creation of the following categories of worker: semi-peasant/semi-worker, semi-worker/semi-peasant, and worker. This point particularly refers to the imposition, at different stages, of new conditions from above interacting with the ways that workers, as well as local society, contributed to the formation of their living and working conditions.

The findings indicate that the developmental structure of the Iranian copper industry at Sarcheshmeh Copper Mine, and its transition from private to state ownership, generated an advancement in industrial relations and working conditions. As the Sarcheshmeh Copper Mine was nationalised and its affairs came under a state-owned company,

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360 Its name was changed to National Iranian Cooper Industries Corporation (NICICO) in 1976.

361 Keith Grint, *The Sociology of Work: Introduction* (Cambridge: Polity Press, 2005).

362 Massimiliano Mollona, *Industrial Work and Life: An Anthropological Reader*, in Massimiliano Mollona, eds. Geert De Neve and Johnathan Parry (Oxford: BERG, 2009), xv.

any policymaking regarding the management and strategy of labour relations in part represented the state's approach towards expansion of the working class and development of local society. This turn towards social phenomena and implementing a paternalist welfare policy and mode of management led to the establishment of a paternalist developmental state. Subsequently, those specifications bonded with the workers' rural background created a specific class relation, leading to the formation of a negative class compromise which echoed during the 1979 Revolution (the idea of negative class compromise was explained in the introduction and will be elaborated later in this chapter).

### **Social Stratification and Regional Conditions**

The contemporary social stratification of rural Iran was transformed by two major events: the land reform of 1963 and the 1979 Revolution. As was explicated in chapters two and three, the former was a mega plan which aimed to address some social-economic aspects of Iranian society, including the question of property ownership in rural areas. The land reform targeted growth in rural productivity, leading to a surplus rural workforce which was shepherded out of agriculture into industry.<sup>363</sup> The plan also aspired to transform the power structure in countryside areas across the country. The programme was prearranged and supported by the US, as part of their strategy to implement social and economic reform in selected countries from the global south, including Iran, in an attempt to create a barrier against Soviet expansion. As a result, US President JF

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363 Colin Leys, *The Rise and fall of Development Theory* (Indiana: Indiana University Press, 1996), 8.

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Kennedy and his administration set up an advisory team to assist undeveloped countries to advance their economy and improve social welfare.

The social stratification in the Sarcheshmeh community during the 1960s was similar to the general hierarchy of rural areas in Iran, characterised by peasant proprietors and petty landowners, sharecroppers and tenant families, and landless villagers known as *Khushneshin*.<sup>364</sup> In addition, Sarcheshmeh hosted seasonal immigrants from the city of Rafsanjan, in the hunt for work at harvest time.<sup>365</sup> There were also traders to facilitate the economic relationships between urban areas and the countryside, exchanging rural produce in the cities and vice versa. For instance, the traders brought tea and sugar from the cities, the two staples of everyday consumption in country areas, although the rural way of life made the locals little dependent on the urban economy.<sup>366</sup> The wealthy locals usually left the area during the winter to avoid the worst of the weather.<sup>367</sup>

The Sarcheshmeh region was deprived before the start of exploration operations in 1966. Poverty was rife, and with the exception of a few major landowners, most struggled under the harsh conditions. The rural population suffered from a shortage of rudimentary services such as clean water, electricity, and medical care. The vast majority were illiterate due to the lack of educational services in the area. The village of Pariz was the regional hub for providing primary public

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364 Ashraf and Banuazizi, *Class in Pahlavi Period*, Encyclopaedia of Iranica.

365 Abbas Khaleqinejad, "Pishineh-ye Sarcheshmeh" [Sarcheshmeh's Past], *Cheshmeh Magazine*, no. 4, 1384[2005].

366 As the locals frequently mentioned in their interviews with the author, the tea and sugar cubes had been the two staple goods consumed in the locals' everyday life.

367 Selection Trsust Archives, *The Field Operation at Sarcheshmeh 1967-1970*, 1.

services, therefore, people from Sarcheshmeh had to take a long journey to Pariz for necessities such as medical care. Reza Niazmand described Sarcheshmeh in following words:

“On my first visit to Sarcheshmeh there were a few families who lived like people of the Stone Age. There were no facilities and no wealth. Each family had huts dug two metres down into the ground and they used tree branches for rafters (Pictures 1). Some people even kept their goats in their huts. Each family had a few walnuts trees and a small piece of land, around 200 m<sup>2</sup>, which was planted with vegetables. None of them had ever seen a bathroom, or a school — let alone a doctor in their lives.”<sup>368</sup>

According to the observation of one of Selection Trust’s team, regarding the local diet:

“The diet of the peasant population was very poor and deficient in vitamins and protein, especially for young children. Their food supply consisted of a couple of pieces of unleavened bread and goat milk curds dried into small hard balls, about the size of a very small lemon. This may be supplemented by walnuts, dates in autumn, or by dried apricots, but this would be unusual. Meat was an infrequent part of the diet. Local lamb or mutton is expensive by any standards, since its average price was around 20p per 1b. It was the height of luxury for a family living on less than 30 per diem, which is about the equivalent monetary value of the income obtained by local peasants.”<sup>369</sup>

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368 Aliasghar Sa’idi, *Technocracy VA Syasatgozari-ye Eqtesadi dar Iran be Revaiat-e Reza Niazmand* [Technocracy and Economic Policy Making in Iran: Reza Niazmand’s Narrative] (Tehran: Loh-e Fekr, 1394 [2015]), 238.

369 Selection Trust Archives, *The Field Operation at Sarcheshmeh 1967-1970*, 48.



**Figure 1: Local houses before the formation of the Sarcheshmeh Copper Mine  
(Image courtesy of NICICO)**

The area had poor accessibility to the bigger cities such as Rafsanjan. Public transport was infrequent. On the rare occasions that locals went to the nearby cities, the journey would take many hours, or in some cases even days, along narrow tracks through the mountains. The region was known for its severe weather and heavy snow in winter, when any such journey would naturally be even more hazardous.

The 1966 drought in the Sarcheshmeh area was calamitous for the people whose living was dependent on a fragile subsistence economy; their main source of income coming from small-scale farming or animal husbandry. As a former mineworker, originally from Pariz, explained: his family had around 20 sheep, and they had to sell all of

them to survive the drought. They were obliged to travel tens of kilometres to Yazd in the neighbouring province to sell them, since there was no buyer in the region. Each sheep was sold very cheaply, for 30 rials.<sup>370</sup>

### **The Local Entrepreneurs and the Formation of the Semi-Peasant/Semi-Worker**

As was described lengthily in chapter three, the Iranian mining entrepreneurs, the Rezai brothers, founded KMC<sup>371</sup> and started the first stage of the Sarcheshmeh Copper Mine in August 1966. The initial recruitment spread by word-of-mouth throughout the region, with no necessity for public media announcements or a recruitment agency. Most locals welcomed the project, because of the hardship generated from prolonged poverty. At first, the small scale of operation combined with chronic local unemployment produced a push factor in recruitment so that the company did not face a labour shortage. The vast majority of local peasant farmers and landless villagers were absorbed into the labour force. They were unskilled, with no experience in modern industrial employment, much less in mining. Moreover, they had been born and grown up in an agrarian community, totally at variance with a modern industrial order and the dominant social relationships in an urban society. The company then had to plan industrial principles, to socialise a rural workforce; not a smooth process with people who were raised in natural rhythms, unaccustomed to modern industrial discipline. The case was not unique, as reaction to coping with the world's new industrial order

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370 Hassanpur. Interviewed by Author, December 24, 2013.

371 Kerman Mining Corporation

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varied according to regional characteristics as well as political and economic conditions. For instance, in the early 1900s, during the establishment of Iran's oil industry, the labourers with nomadic and rural backgrounds had difficulty adjusting to the imposed discipline in the workplace, and some even left their jobs.<sup>372</sup> However, half a century later in Sarcheshmeh Copper Mine, the same conditions were easily assimilated by the local workers who performed with much more flexibility.

To achieve early adaptability as well as reproduction of labour power for modern industrial conditions, the companies applied different means to control the workforce, to impose a new order, to implement an employment policy, and to design an appropriate industrial workplace. Therefore, those means including recruitment policy, wages, job promotion, training, disciplinary actions, along with welfare policy including housing and accommodation, shaped the company's approach to labour relations.<sup>373</sup> The labour relations comprised two classical models, a coercive system and a paternalist system. The former refers to the period when forced labour was lawfully practised around the world. Slavery subjugated workers to draconian conditions with no autonomy in choice of their work, nor the privilege to make demands for their primary rights. The response of early capitalist employers to labour shortages was to institute coercive practices, particularly in the colonial states.<sup>374</sup> Workers were

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372 Touraj Atabaki, "From Amalleh (Labour) to Kargar (Worker): Recruitment, Work Discipline and Making of Working Class in the Persian/Iranian Oil Industry," *International Labour and Working-Class History* 84 (Fall 2013): 168.

373 Jill Rubery and Frank Wilkinson, *Employer Strategy and Labour Market* (Oxford: Oxford University Press, 1994), 26.

374 John Sender and Sheila Smith, *The Development of Capitalism in Africa* (New York: Methuen, 1986), 46.

often monitored in the workplace and strict rules could be introduced such as a ban on talking to fellow workers or even whistling, which were liable to be punished by a fine, or even dismissal.<sup>375</sup> The transformation of social relations and the nature of the workplace, along with development of human rights, and coupled with the limitations of a coercive system to improve the efficiency of labour, heralded the widespread decline of coercionist discourse; eventually a paternalist approach to labour relations emerged.<sup>376</sup>

Although the idea of paternalism is one of the key arguments in feminism and gender studies, in managerial strategy it was applied to combat forced-labour employers and coercive labour relations. Paternalism is principally concerned with the promotion of social phenomena. It is determined by both persuasion and repression in the mode of management, with the objective of attracting workers to industry as well as boosting their productivity.<sup>377</sup> For example, the scarcity of both skilled and unskilled workers led to the growth of industrial paternalism in France in the 19th century. Companies began offering housing, schools, health care and other social services to create more enticements for the labour market. In Iran, the oil industry was one of the earliest workplaces to introduce a paternalist social policy.<sup>378</sup>

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375 Keith Grint, *Sociology of Work* (Cambridge: Polity Press, 2005), 118.

376 For examples see Donald Reid, "Industrial Paternalism: Discourses and Practice in Nineteenth Century French Mining and Metallurgy," *Comparative Studies in Society and History* 27, no. 4 (October 1985): 579-607; Michael Burawoy, *The Politics of Production: Factory Regime under Capitalism and Socialism* (London: Verso, 1985).

377 Donald Reid, "Industrial Paternalism: Discourse and Practise in Nineteenth Century Mining and Metallurgy," *Comparative Studies in Society and History* 27, no.4 (October 1984): 582- 584.

378 Kaveh Ehsani, "The Social History of Labour in Iranian Oil Industry: The Built Environment and the Making of Industrial Working Class 1908-1941" (PhD diss., Leiden University, 2014).

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The two distinctive modes of management did, however, contain some common components which muddled the difference between them. This happened at KMC, where there was inconsistency in employment conditions, with soft elements from the coercionist approach and aspects of paternalism being applied. The KMC had no developed vision of labour productivity in the industrial workplace nor a strict agenda on enforcing industrial discipline: their method of management was still inspired by the traditional labour relations system of landlord-tenant.<sup>379</sup> For instance, while the foreign managers were strict on punctuality as a principle in an industrial workplace, it took time for Iranian workers to adapt to the concept, and KMC displayed less concern over it.<sup>380</sup>

The top-down order also tended to engineer the class structure and to produce social stratifications based on a particular agenda. However, its aims may not be achieved as encouragement from above cannot solely determine the process; the agent from below also plays an active role in the procedure. As a result, the formation of social class, which here indicates the working class, is a combined procedure,

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379 Patrick Joyce, *Work, Society and Politics: The Culture of Factory in Later Victorian England* (London: Methuen, 1980).

380 See Yahya Sotudehnya, *Esteqamat-e Kerman Weekly Supplement*, no 471, Bahman 19, 1393[February 8, 2015], 4; Akbar Ramazan Jalali, *Esteqamat-e Kerman Weekly Supplement*, Day 20, 1392[January 10, 2014], 4; Da'i, *Esteqamat-e Kerman Weekly Supplement*, no. 60, Bahman 1396[February 2018], 4-6; Da'i is an agricultural engineer who was in charge of planting at Sarcheshmeh Copper Town. He has delivered a critical view on the presence of foreigners, mainly Americans, and their status in decision-making at Sarcheshmeh Copper Mine. He believed that the company did not give sufficient status to the Iranians, who were not allowed to be involved in decision making without the permission of foreigners. See Da'i, *Esteqamat-e Kerman Weekly Supplement*, no. 516, Bahman 17, 1394 [February 6, 2016], 5. As will be discussed later in this chapter, Da'i's critique should be viewed with scepticism, because of the scarcity of a technologically trained and skilled workforce in Iran to run a mega project such as Sarcheshmeh Copper Mine. The company was actually compelled to be more hesitant in engaging Iranians in leading positions. The government had no other option than to import technology and knowledge from developed countries. However, the company's recruitment policy and education system indicated that they intended to replace foreigners with Iranians in the near future. , Da'i himself denoted that the foreign workforces were well ordered, punctual, and delivered their task based on industrial principles, while those characteristics were less evident among the Iranian workforce.

arising from the interplay of various social forces. This is emphasised in Katznelson's argument on the development of a working class as a multilayer process which consists of four main levels: structure, ways of life, dispositions, and collective action.<sup>381</sup> The first level identifies the position of the worker in regards to property rights and an ownership network in society.<sup>382</sup> This structurally determines the social standing of the worker whose economic life is built upon wage labour in a capitalist system. The rigid economic structure usually neutralises the worker's move towards structural transformation. However, the worker's agency emerges in the second level, since living conditions develop the worker's contribution to setting a way of life within a specified framework. The choices at this level enable workers to actively frame their way of life based on their interests. This factor renders the way of life a conflict zone of different forces, mainly the state, the company and the workers who make every effort to embed their desires into it.<sup>383</sup> The state intended to engineer the formation of the working class to imprint its own preferred model which can be identified through examining its social policies as well as its mode of governance. The third level is related to the workers' conception of change. It focuses on the workers' interpretation of their position in relation to other social groups and their living and working conditions in society. The fourth level is when the working-class agency is present in social-political trends, and embeds its

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381 Ira Katznelson, "Working Class Formation: Constructing Cases and Comparisons," in *Working Class Formation: Nineteenth-Century Pattern in Western Europe and United States*, ed. Ira Katznelson and Aristide R. Zolberg (New Jersey: Princeton University Press, 1986), 9.

382 *Ibid.*, 17.

383 The politics of social class in Pahlavi era facilitated and propagated a modern way of life to the Iranians included the industrial working class. That caused a social contradiction in the society which its radical presence was displayed in the social unrest of 1978, leading to the 1979 Revolution.

interest into the social processes.<sup>384</sup> According to Katznelson, "Class is a junction term. Questions about the content of each level and about the connections between levels of class constitute the very heart of the analysis of class formation."<sup>385</sup> Katznelson proposes an enhanced notion to deal with the complicated process of social class formation in comparison with classical division in the formation of the working class – class 'in itself' and class 'for itself', as elaborated by Karl Marx.

### **Recruitment and Wage**

The KMC period ended in 1967 with nearly 60 paid employees at the mine.<sup>386</sup> The early recruitment of the labour force was centred on a number of locals whose living conditions were improved from the time of their employment at Sarcheshmeh Copper Mine; one former worker expressed it as a transformational incident in his life. He was initially employed at the age of 13 as a water carrier, to distribute drinking water amongst the workers as well as pouring water onto the drills to cool them down. His commencing wage was 42 rials per day in 1966. Three years later, in 1969, it increased to 65 rials per day for working as tunneller. According to Iran's labour law, which was approved in 1968 and came into effect from 1972, the minimum wage for a worker was determined at 50 rials for Area Three, which included Sarcheshmeh.<sup>387</sup> Therefore, the initial wage, 42 rials, was

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384 Ira Katznelson, "Working Class Formation: Constructing Cases and Comparisons," in *Working Class Formation: Nineteenth-Century Pattern in Western Europe and United States*, ed. Ira Katznelson and Aristide R. Zolberg (New Jersey: Princeton University Press, 1986), 21.

385 Ibid., 22.

386 Baqeri, Interviewed by Author, December 13, 2013.

387 Farshid Yazdani, "Hadeaqal-e Dastmozd dar Iran" [The Minimum Wage in Iran], *Goftogu Quarterly* 55 (1389) [2010]: 160.

lower than the minimum, indicating that the company benefited from a growing capital surplus generated from breaching the law and labour exploitation. This issue also exemplifies that the company ignored the fundamentals of labour reproduction, since it did not consider the role of local economic system which preserved the workers' choice to return to their previous jobs when they were laid off, or perhaps retired, or could receive higher remuneration in comparison with the company's payment, or to engage in temporary work during harvest time.<sup>388</sup> Subsequently, the company's industrial relations malfunctioned with regard to worker reproduction, shaping semi-peasant/semi-worker rather than industrial worker.

The KMC brought in an eight-hour working day based on labour law.<sup>389</sup> It also recognised overtime, however the payment was made under a different title called '*bakhshesh*', which means 'gratuity', 'tipping', and 'charitable giving'.<sup>390</sup> In addition, the overtime payment was not transparent regarding the formula of payment, as the labour cards just stated overtime was paid without an exact sum being declared!<sup>391</sup>

Replacing the title of *haq-e ezafeh kari* [overtime payment] with *bakhshesh* [tipping – charitable giving], exposes the KMC reductionist view towards the structure of labour relations determined by the labour law. From a terminology point of view, *bakhshesh* also means the quality of being kind, plentiful and largesse. A gratuity payment is often appreciated in society, but neither the force of the

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388 See Marvin Harris, Labour Emigration among the Mozambique Thonga: Cultural and Political Factor, Africa: Journal of International African Institute 29, no. 1(January 1959): 5-65; C Perring, Black Mineworkers in Central Africa (New York: Africana Publ, 1979).

389 Baqeri, Interviewed by Author, December 13, 2013.

390 Dehkhoda Persian Dictionary.

391 A. M. Macleod-Smith to Mr Gill Thomas, February 13, 1969.

law nor social pressure, to some extent, oblige people to tip or pay a gratuity. Therefore, gratuity as a title diminishes the overtime payment from a labourer's right to the employer's right. In other words, the employer is ascribed the status of deciding on a gratuity payment or not. However, it must be noted that the KMC entrenched the reduction at the discursive level, as the company did not actually neglect to make the overtime payment. It indicates that the employer intended to preserve its authority through reviving a traditional labour relations discourse, generated from the landlord-tenant system, in which the "employer" had a meaningfully upper hand in relation to the "employee". That was a strategic manoeuvre from the employer's side to bring a dominant discourse into line with its interests.

Using *bakhshesh* instead of *haq-e ezafeh kari* also represents the latest phase in a transitional period from a dominant traditional order in labour relations, determined in a landlord-tenant structure, to the modern labour relations.<sup>392</sup> It also exposes the private sector's attempt to preserve the spirit of traditional labour relations, the landlord-tenant, in a modern labour relations structure. The unclear payment and the lack of transparency in labour rights also enabled the company to keep the level of payment down without any approved documents, which gave it more control over the workforce through altering the point of reference and formula. It displays a mode of management lacking a modern vision towards an industrial

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392 The first official consideration of the Iranian state regarding the relationship between workers and employers based on the new labour relations goes back to 1923 when the governor of Kerman issued a set of new regulations in support of the carpet weavers and made the employers responsible for improving the working conditions of the carpet industry in Kerman province. The labour conditions in the Iranian carpet industry were horrifying at the time. The carpet weaving workshops were usually underground, damp and with no natural light. Child labourers as young as 6 or 7 years old were very common.

organisation and industrial relations. Moreover, it confirms the state's weak inclination to impose the rule of the law in supporting the workers' rights against a private employer. That mainly originated from the governmental process which was controlled by a group of men who mostly came from important land-owning families. The same genre of people also occupied cabinet posts as well as senior civil service posts and commissions in the armed forces.<sup>393</sup> According to a US report:

'The Iranian businessman displays a higher degree of avariciousness than his Western counterpart; the motive of profit maximization is extremely highly developed in him. He is apt to look upon labour costs as an unreasonable restraint on his profits and to cut these costs as ruthlessly as possible. Given these mental attitudes, it is only natural that Iranian employers look upon the labour laws with contempt and as manifestations of governmental weakness. They may therefore be expected to do all in their power to subvert these laws, both by taking advantage of whatever loopholes may present themselves and by bribing government officials to administer them to the advantage of themselves.'<sup>394</sup>

Despite the lack of intention to implement labour law from the employer's side, it also discloses the paucity of the workers' awareness of their rights. Therefore, the gaps that occurred in labour awareness as well as implementation of the law, along with a faultline existing between the employer's view on labour relations and the labour law, generated an exploitive condition, which led the

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393 US Government, "Basic Survey of Labour Affairs in Iran," 26 September 1955 (888.06/9-2655) (U.S.NA)

394 US Government, "Basic Survey of Labour Affairs in Iran," 26 September 1955 (888.06/9-2655) (U.S.NA).

employer, here the KMC, to misuse the circumstances in order to preserve its dominant position in the labour relations.

The KMC, then, intended to preserve the spirit of the landlord-tenant system which steered the company to resist full adoption of new labour relations' regulations, leaving their practices lagging far behind what the state had established in its own industrial operations. Indeed, it will become clear in due course that a considerable transformation in labour relations took place when the Iranian state took over the mine.

### **Training**

The remote location of the Sarcheshmeh Copper Mine partially determined the KMC's choice in labour recruitment. Despite the inevitable skill deficit in the area, the plan was to keep labour costs down by hiring unskilled locals and training them, rather than employing people from outside. Training unskilled labourers whose professional experience was mostly restricted to agriculture and animal husbandry had to be a complicated process. The Rezai brothers transferred a technical team from their chromite mines in the Esfandagheh and Faryab areas, also located in Kerman province, to Sarcheshmeh Copper Mine for training purposes.

The team of instructors conducted the training sessions which covered two main clusters of technical matters as well as health and safety codes. However, the output was a group of workers whose skills were obsolete, discontinued years ago in the projects run by top global mining companies, since the instructors' knowledge was out-dated. This issue was exposed in the next level of the project when a team of

experts from a British mining company, Selection Trust, was appointed to retrain the workers.

The KMC workers' obsolete skills increased hazardous situations and reduced the productivity of their labour. For instance, many injuries were caused by applying the unsafe technique of using iron scrapers to remove misfires, or using picks instead of pinch bars to remove loose rocks;<sup>395</sup> also hand-lashing rock for loading onto trucks, which is usually carried out using a rail-sliding method. The old lashing practice engaged more workers on the task and significantly reduced their efficiency. Moreover, the ends of the tunnels were not ventilated, not even by using compressed air. The airways were located far from the workers' mouths and supply hoses were too long. Therefore, the low volume of oxygen and long hoses soon exhausted the labourers due to breathing difficulties.<sup>396</sup> In this case, each end needed five workers as well as having a back-up, while in the advanced method the number of workers required was reduced to three, with no need of back-up from a specialist team.<sup>397</sup>

### Accommodation

Most of the local workers had been living in villages a long distance from the mine site. The undeveloped roads and transport in the area made their daily commute between operation sites and the villages impossible. Pariz, the village from which most workers came, was roughly 9 km from the mine, which meant the workers spent hours to

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395 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 6.

396 Ibid., 6.

397 Despite the passage of around half a century, we still see the problem, mostly in privately owned mines in Iran. The most recent tragic mining incident, which happened in Zemestan Yurt coal mine, caused 43 dead in May 2017.

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reach the site on foot. The company then decided to install the workers next to the site. A number of tents were erected for short-term settlement, with four or five people allocated to each to rest in and sleep. However, the tents were inadequate to protect the workers against Sarcheshmeh's long, harsh winters. Subsequently, the company built two accommodation blocks for the labourers and one block for other staff, but the poorly appointed buildings could barely stand the severe weather. Roofs were not waterproof; even light rain was driven into the accommodation. Once, a roof was blown clean away by a gust of wind.<sup>398</sup> The blocks were not divided into separate rooms; all labourers lived together. A number of coal-fuelled heaters were installed, around which the labourers usually lay down during their rest periods, with their feet towards the heaters and their heads fanwise into the room.<sup>399</sup> The workers had to stay on site for a working week from Saturday to Thursday afternoon. They had one day off weekly, Friday, to visit their families, but had to go back to work on the Saturday. The locals called it *Hafteh Khofti*.<sup>400</sup> Workers were also given two days off a month.<sup>401</sup>

The KMC flouted the development of welfare policy and paid even less attention to implementation of a modern industrial strategy in the workplace, indicating an absence of strategic vision on labour

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398 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 2-3.

399 In the next stage, the contribution of Selection Trust in the project produced a fair impact in improving labour conditions based on promoting a paternalist view towards labour relations. They indeed criticised the poor standard of accommodation provided by the KMC and stated unequivocally, "Considerable modification had to be carried out to make the labour blocks reasonably habitable." See Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 1-2.

400 Esma'ili, Interviewed by Author, December 11, 2013.

401 The lack of consideration towards the workforce among the mine owners was also common in developed countries in the past. An old report from England, albeit from the 1840s, indicated that less than one in fifty English mine owners paid attention to labour conditions and labour welfare. See reports from commissioners enquiring into children's employment (1843) quoted in D. Roberts, *Paternalism in Early Victorian England* (London: Croom Helm, 1979), 183.

reproduction. That is shaped by the company's view, originating from traditional labour relations of landlord-tenant which structurally conveyed some coercionist components as well as some elements of paternalism.

The embedded landlord-tenant structure at the time was still nurtured by reviving the traditional hierarchical culture in which the worker was identified as a serf, whose labour provisions did not need to be developed beyond basic living and working conditions. That was very much the case within the mining sector, chiefly due to the configuration of the mining industry in Iran which, at the time, was a labour-intensive operation with Iran's undeveloped mining industry relying on cheap labour to generate surplus revenue.<sup>402</sup> Moreover, the rough nature of the work absorbed workers with poor job prospects who had no choice but to accept the conditions, with little awareness of their labour rights. Likewise, at Sarcheshmeh Copper Mine, the workers were usually landless villagers. The remote location of the mine sites also made the workforce less accessible and out of sight, causing shortcomings in their protection by the labour law.

The policy preserved the framework of traditional labour relations whose structural function was reproducing landlord-peasant relationships. Therefore, the KMC as a "modern organisation" distanced itself from its key structural duty of reproducing a worker through implementing modern labour relations, instead creating a semi-peasant/semi-worker.

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402 Ricardo Godoy, "Mining: Anthropological Perspectives," *Annual Review of Anthropology* 14 (1985): 206.

### Local Resistance

The emergence of Sarcheshmeh Copper Mine brought a set of changes to the locals' economic conditions and their social lives. It fashioned a new type of labour relations in a traditional community which had been founded on a mechanical solidarity.<sup>403</sup> The force of capital and industrial discipline reorganised the social structure and set up new institutions, leading to the transformation of the dominant agrarian order into a modern industrial order. Urban forces were felt in the area, with modern social elements and urban goods gradually finding their way into the locals' everyday lives. In an interview about the history of Sarcheshmeh, one of the ex-workers still excitedly remembered the first time he saw a tuna steak in the hands of a member of the KMC surveying team.<sup>404</sup>

The establishment of Sarcheshmeh Copper Mine was generally welcomed by the majority of locals, including the landless villagers, since the company created job opportunities. However, the social dynamism was sometimes less in tune with modern transitions, and the agents of traditional order from the host community occasionally stood against what undermined its authority and the dominant order. In a project founded on extracting natural resources, the initial threat would be against the local land ownership. As a result, most challenges originated from people who either owned land or had an influential status based on traditional power structure in the local

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403 Emil Durkheim drew the concept of labour to the midpoint of his social thought to develop his argument on formation of social solidarity based on division of labour. He categorised societies into two groups based on mechanical and organic solidarity. The former founded social relations in a traditional society and the later constructed a modern society. See Emil Durkheim, *Division of Labour* (New York: The Free Press, 1997).

404 Hassanpur. Interviewed by Author, December 24, 2013.

community. Inevitably, the project sometimes brought a level of tension to the area. The company preferred to apply a paternalistic approach, with an emphasis on justification and convincing people, rather than force and threat. One day, when a camera was set up for mapping, one of the locals stopped the operation saying “Here is my property. What’s this? I haven’t died yet, but you’re digging my grave.” He received the reply: “No, we’re not digging your grave. There is an Emamzadeh [Holy man] here who’s going to make us all rich!”<sup>405</sup> In relations with workers, the Managing director of KMC, Mahmud Rezai, strove to generate loyalty through his presence among the workers. One former worker said that Rezai was a humble man, treating the workers as though he were their father. On his two visits to the site, he shook hands with the workers and spent time talking to them.<sup>406</sup>

Since traditional authority framed the social order in the Sarcheshmeh region, local notables played a crucial role in social organisation. Therefore, the KMC approached the village headman, Hossein-Aqa Amiri, to mediate between the company and the locals.<sup>407</sup> He was appointed as the residents’ delegate in negotiations with Nikkhah, who had been introduced as the representative of the company. Amiri initially offered his land to the company to erect tents and store machinery.<sup>408</sup> His influential status convinced some landowners to

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405 Abbasi, Interviewed by Author, December 11, 2013.

406 Baqeri, Interviewed by Author, November 24, 2013.

407 Max Weber presented three types of authority: legal, traditional and charismatic. The division, as the very titles reveal, is based on the origin of the power in each type. In the local community such as Sarcheshmeh area the traditional actor played a significant role in power structure of the society. See Max Weber, *The Theory of Social and Economic Organisation* (New York: The Free Press, 1964).

408 Naser Amiri, *Shab-e Khatereh, Esteqamet-e Kerman Weekly Supplement*, no. 516, Bahman 17, 1394, 6.

sell their land to the company, in exchange for shares in the mine, and some future lifelong benefits.<sup>409</sup>

### **The Emergence of Paternalism and Formation of Semi Worker-Semi Peasant at KCI<sup>410</sup>**

The mega scale of the Sarcheshmeh Copper Mine determined KMC to run the project in partnership with a British mining company, Selection Trust. They established a joint company, KCI, with day-to-day administrative management remaining in the hands of the Iranians while Selection Trust managed the operation on site. That was in the late 1960s when dominant colonialism had been eliminated and the global south turned to a post-colonial era. The multinational companies in neighbouring countries had already shifted to a paternalist mode of management, where a series of principles focused on welfare policies and improving labour conditions. The presence of Selection Trust then opened up a new chapter at the Sarcheshmeh Copper Mine. It criticised KMC's traditional view and instead instigated paternalism to enhance the employees' living and working conditions, leading to a growth in labour productivity. Selection Trust also aimed to detach semi-peasant/semi-workers from their previous source of income, land, encouraging them to make an autonomous economic life from what they had inherited from their rural background. The process at that time transformed a semi-peasant/semi-worker into a semi-worker/semi-peasant.<sup>411</sup>

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409It was verbally claimed by a local ex-worker, but he did not show evidence to prove it.

410Kerman Copper Industries Corporation

411 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 18.

The KCI restructured the company and reconsidered the legislation, with the intent of introducing a restricted industrial discipline as well as modifying its view on labour relations and welfare policy. The company then strove to impose a new organisational discipline, designing places and creating spaces that would dictate an industrial order, tearing apart the workers' peasant boundaries and rural ties. For instance, the company faced a problem with the local workers' timing and punctuality, because of a discrepancy between the concept of time in a modern workplace and that in a rural community which was based on the rhythm of nature. The local workers had no conception of timing and organisational relationship in a modern society. In their interviews, the ex-workers all mentioned timing and punctuality as a major concern from the KCI's time onwards. Stern supervisors did not accept an excuse for showing up a little late at work and the workers were even penalised for a short delay.<sup>412</sup> The KCI also confronted the challenge of introducing a modern organisational hierarchy and setting the protocol for the organisational relationship. For example, the local workers were in the habit of walking into offices and interrupting conversations, demanding that their problems or requirements be addressed immediately.<sup>413</sup> This issue originated from their rural culture and the structure of relationships in the landlord-tenant system, whereby landlords could be contacted directly at the request of the peasants in their care.

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412 In their narrative about the past, the workers generally appreciated those strict rules, however their feeling sometimes shows that the strictness was too much. The difference is viewed when a few years later the company recruited skilled workers from Khuzestan province who used to be employed at Iran Oil Industry. They had already good fortune to work in the modern principle, then they had internalised modern industrial principles including punctuality and good time-keeping.

413 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 14.

The work discipline was not just restricted to the workers, but affected Iranian graduate employees as well. Most of them had expected a desk job rather than to be working in the field. If they were asked to go and work in the field, they interpreted the request as mistreatment, or even an insult.<sup>414</sup>

### **Wages, Training, and Labour Background**

The KCI's initial assessment showed that the project required many more workers to proceed. The local labour force was the primary target for labour recruitment. After two years, in 1969, staff numbers had increased to 468, of whom 400 were locals, 60 were British experts, and 8 were Iranian experts.<sup>415</sup> More than 90 per cent of the workers were from Kerman province, with some 75 per cent from villages in the immediate vicinity of the mine.<sup>416</sup> As a result, 1,400 to 1,800 people as family members of the local workers benefited directly from the company, thus representing a significant impact on the local's living conditions.

Although the KCI improved its labour conditions, its strategy did not cover the wages. Again it must be noted that, owing to widespread poverty and famine at the time, the wage payment had considerable influence on the lives of local employees.<sup>417</sup> For instance, a tunneller was paid 65 rials per day in 1968-9 and he stated that the wage was

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414 Ibid, 13; An Iranian engineer also revealed that in the early days of his career in Sarcheshmeh Copper Mine, once his American supervisor replaced him with a worker and asked him to do the workers' job, but he declined as he believed that was disrespectful as he was educated personnel. The supervisor replied that he would be dismissed if he disobeyed and explained that he must be perfectly knowledgeable in the task of his workers, otherwise he could not supervise them. Therefore, he must work practically to learn the tasks. See Ahmad Ahmadinejad, "Yek 'Omr ba Ma'dan va Karkhaneh" [ A Lifetime in the Mine and Plant], *Asr-e Mes Online*, <http://asremesonline.ir/news/print?Id=10273>

415 National Library and Archive of Iran, Letter from Sazeman-e Barnameh VA Budjeh [Budget and Plan Organisation], Azar 23, 1348 [December 14, 1969].

416 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 11.

417 Ibid.

quite sufficient at the time.<sup>418</sup> A rail track worker and shot firer was paid 58 rials per day at the end of the Selection Trust period in 1970.<sup>419</sup> A driver holding a private driving license was paid 216 rials; and a bus driver could earn 516 rials per day; equivalent to three to eight times more than a worker.<sup>420</sup> Mine workers had two free days per month, although they were paid for holidays.<sup>421</sup>

The establishment of Sarcheshmeh Copper Mine started during the expansion of industrial and constructional projects across the country from the mid-1960s onwards. There were a number of significant projects developing in Kerman province, such as the Zarand Coal Mines, the Iranian Steel Corporation, power stations, and Jiroft Agriculture and Industry. Therefore, the province would not be able to supply manpower for all those concerns, including Sarcheshmeh Copper Mine, simultaneously. Consequently, the project had to deal with a critical labour shortage.<sup>422</sup> Moreover, the range of skills on offer in Kerman province was very limited. Tradesmen such as carpenters, mechanics, plumbers or electricians were very rare, especially if trained to a decent standard. The company then decided to import labour from outside Kerman province including Iranians from other ethnic backgrounds, such as Armenians or Azerbaijanis.<sup>423</sup> Azerbaijanis were known as the finest artisans in Iran, which enabled them to obtain positions in a project which required a high level of industrial skill. In those days, technical schools had not been developed throughout Iran, which effectively preserved the privilege

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418 Baqeri, Interviewed by Author, November 24, 2013.

419 Hassanpur, Interviewed by Author, December 19, 2013.

420 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 15.

421 Baqeri, Interviewed by Author, November 24, 2013.

422 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 12.

423 Ibid., 12.

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of the Azarbaijanis to hand down their skills to the younger generation, with few contenders from other parts of Iran. Therefore, they were a valuable source of labour for the industrial owners, and many Azarbaijani skilled workers were employed at all types of project.<sup>424</sup>

The KCI also premediated a training system to educate the local forces and inexperienced personnel. Accordingly, teams of instructors were set up for each particular job. For instance, the tunnelling training team comprised of technicians named Wallace, Simmons, Taggart, Winsor, and Briggs who had a hard mission instructing the local workers, because the old workers had already been instructed in unproductive and unsafe techniques by the KMC. Therefore, the training was slow, as the instructors had to break the old habits and prepare the workers to carry out the same task through a different method. However, the KCI's report acknowledged that local workers' progress was beyond their expectations, and left the instructors highly satisfied. Based on its previous experience in training unskilled workers in other countries, mainly in Africa, Selection Trust concluded that the surprising outcome in training unskilled local workers was due to the locals being naturally intelligent and well capable of learning new skills promptly.<sup>425</sup>

The nature of working in a mine site is generally typified as a hazardous, masculine and challenging process. Digging, drilling and cutting tunnels which usually takes place in remote areas requires distinctive advanced skills, as well as some level of courage and

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424 The existence of antipathy to outsiders from other parts of Iran, particularly Azerbaijan, cannot be denied. See Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 12.

425 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 14.

independency, compared with those required to assemble parts in a well-maintained workshop. Despite the fact that Sarcheshmeh Copper Mine is an open pit mine, which is different from underground mining, the exploration period needed workers experienced in digging and delving into the earth which is essentially an underground working task.

Drilling in a mine is a delicate operation in terms of technique, technology and proficiency. It requires a high level of skill, which inexperienced locals at Sarcheshmeh were unable to deliver. The KCI then came to an agreement with a British company, Geoprosco International, signing a contract on 6 February 1968. Later two Boeing 707 cargo aircraft were chartered to carry six rigs from London to Tehran. The first three rigs arrived on site on 13 April 1968, with the rest in place by 18 April.<sup>426</sup> At one stage, for several months all 27 of Geoprosco's staff were involved in three shifts, working seven days a week, which obliged them to live on site for a long period of time.

The surveying operation in an opencast mine required tunnelling to remove earth and extract samples to estimate the mine's extent as well as the ore's type and grade. As opposed to drilling, tunnelling could be done by the locals, after training. Selection Trust retrained the former tunnelling teams at KMC as well as training new ones in a modern technique, consisting of a series of more advanced, efficient and safer methods. The outcome was completion of twenty-two tunnels during the KCI period. Each tunnel had one foreman and four workers. A general foreman controlled tunnelling tasks and a

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<sup>426</sup> Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 3.

supervisor monitored the whole tunnelling operation. The hierarchy in tunnelling from higher position to lower position is: 1- Boss 2- General Foreman 3- Foreman 4- worker. Any employee's position could be identified by his uniform and helmet. A foreman had a vertical line, rather like the number 1, on the front of his helmet. A general foreman's helmet had two vertical lines, like 11. Labourers had dark blue uniforms with their name and labourer number inscribed on their helmets. The supervisory staff wore a brown and cream uniform.<sup>427</sup>

### **Welfare Policy**

#### **Housing and Accommodation**

Accommodation during the KCI period improved in both quantity and quality, however the company did not reach their quality goals due to the rapid rise in the number of workers. The accommodation of workers and junior skilled staff was generally of a poorer standard than that of senior staff. They constructed three accommodation blocks for the labourers with basic facilities including a few lavatories and a single communal bathroom with six showers, accessible through a common entrance hall. Water was heated in a large steel tank with a ballcock valve that rendered the flow of water insufficient for more than three to four showers simultaneously.<sup>428</sup> The labourers' blocks that had been built in the KMC period were just renovated,

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427 Baqeri, Interviewed by Author, December 5, 2013. After the 1979 Revolution all personnel, including labourers, staff, and managers, were required to wear the same uniform. The idea was rooted in the principles of social equality which were of concern on the revolutionary agenda.

428 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 42.

with no extension in the early years. Space was insufficient for the number of workers, so as many as 14 men had to exist in one room.<sup>429</sup> In early May 1968 there were ten rooms serving as sleeping accommodation for senior staff of the Geoprosco team, in the former junior staff block. There were four rooms in the office block and three in the mess block. One room in the office block was also used as an occasional office. In addition, there was a single block of semi-detached houses for two married couples on site and a two-bed caravan. Then, an eight-roomed living block and additional duplex block accommodation were added to the complex as married quarters.<sup>430</sup> At the end of 1969 more accommodation was added as follows: four duplex accommodation blocks as married quarters; one block of ten single rooms; one block of twelve twin rooms; one block of eight double rooms; two double rooms in the mess block; one room for the doctor at the hospital; and a caravan and a two-bedroom house at Khatunabad.<sup>431</sup>

The most junior skilled staff had a separate block, which was in rather better condition as they had larger and more comfortable rooms big enough for five to six people.<sup>432</sup> There were 31 furnished buildings, an office, warehouse, laboratory, bar and restaurant, powerhouse, and pilot plant.<sup>433</sup> The accommodation for the workers was barely adequate.<sup>434</sup>

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429 Ibid., 41.

430 Ibid., 39.

431 Khatunabad was an area close to Sarcheshmeh Copper Mine.

432 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 41.

433 Sazman-e Barnameh va Budjeh [Budget and Plan Organisation], Letter, 23/09/1348[December 14, 1969.

434 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 40.

The workplace and the residential quarters were designed on the class division of manual worker and skilled staff. Also, nationality and ethnicity were the main characteristics that distinguished people by task. Marital status, and whether an employee was accompanied by family on the site had much to do with the settlement. Within a few months of Selection Trust's takeover, the two former labourers' barracks were converted into a warehouse and new rooms to house labourers, two or three to a room. The blocks of the labourers and technical staff were divided, so that on entering the technical staff building one saw a corridor twenty metres long with doors to rooms opening to the left and right. Each room had two beds, and a lavatory and bathroom were located at the end of the corridor.<sup>435</sup> Class division was also applied in welfare services such as food provision, transportation and healthcare. Iranian and British technical staff shared the same canteen, but the workers' canteen was separate. Labourers and technical staff were also allocated separate buses.

### **Health, Food, and Leisure Time**

Further to KCI's developmental plan to provide basic facilities on site for the employees, the company built two new separate clinics, one for skilled staff including Iranians and foreigners, and one for the labourers. The company also prepared daily food for all employees in exchange for some 60 to 70 rials a month, which was much lower than real cost, and was deducted from their wages. The dishes were

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435 Khosro Ehyai, *Khaterat-e Nokhostin Mohandes-e Iranye Mes-e Sarcheshmeh* [The Memoirs of the First Iranian Engineer in Sarcheshmeh Copper Mine], Mes Press Online, accessed <http://mespress.ir/news/?Id=2231>

good in terms of ingredients and quality.<sup>436</sup> In a report following a visit to Sarcheshmeh Copper Mine, a Selection Trust observer also noted that the catering was very good. He commented, “In an exploration camp, such as Sarcheshmeh, a good standard of catering is vital to the morale and health of the staff.”<sup>437</sup>

Leisure time activities are a contemporary phenomenon originating from the modern mode of everyday life. Some key factors such as income, occupation, and education determined the leisure activities, however, as a cultural phenomenon, they were also dependent on other variables such as social structure, cultural institutions, and dominant value systems. For instance, the agrarian community which is built upon a natural rhythm and traditional value system does not generate much spare time for leisure. However, that was not so much the case for Sarcheshmeh locals. Their religious nature, with its keen attention to the rites and ceremonies of the faith, was a significant part of their social lives. Even when they had become more accustomed to modern life, the preference of the local Sarcheshmeh workers was still to spend time at home with their families, or to visit relatives in their villages.<sup>438</sup>

However, the workforce at KCI was not restricted to the locals and there was a significant number who came from other provinces and

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436 Baqeri, Interviewed by Author, December 5, 2013.

437 Selection Trust Archives, Sarcheshmeh Copper Mine project, Selection Trust report by Jack Thomson, July 16, 1968, 2.

438 Some other studies acknowledge that this was a common character among the workers from other geographical regions. More than 90 per cent of workers in Arak said that their favourite leisure activity was spending time with their families. An interesting point is that, according to Assef Bayat, even the industrial workers in Tehran did not spend their time in the coffee houses there; the coffee houses were in fact mostly used by migrant construction workers and the homeless. See Assef Bayat, “Farhang va Ravand-e Shodan-e Kargaran-e Karkhanejat-e Tehran” [The Culture and Proletarianization of the Factory Workers in Tehran], *Alefba*, no. 4, Azar 15, 1362[6, December, 1983], 103; Farhang Ershad “Migration and Life Style: Work and Leisure in an Industrialised City of Arak” (PhD diss., Chelsea College, 1978).

countries outside Iran. Leisure time was a major issue, as the non-local forces were in a remote area with limited social interaction, far from their families. Therefore, financial privilege and high salary was not always persuasive enough to induce people to work in a mining site such as Sarcheshmeh Copper Mine. Creation of a supportive atmosphere became a key concern for companies operating in such circumstances.

In the early stages, there were no leisure amenities on site which made staying there tough for non-local labourers and technical staff, especially for foreigners who had to spend four to four-and-a-half months on site without contact with their families. Local newspapers were at least one or more days late, and English-language newspapers were even more out-of-date by the time they arrived.<sup>439</sup> However, conditions did improve. A cine projector was brought on site and a number of dart boards were set up for the use of staff.

### **Labour Conflict and Land Use Conflict**

The embedded class relationship imbalance in capitalism emanated from private ownership of the means of production, but in certain conditions it can be transformed, by means of class compromise. This evolves from the working-class agency, enforcing its will on the social and political climate. It can also occur through enhancing the two sources of working class power: structural power and associational power.<sup>440</sup> The former derives from the status of workers in a tight labour market as well as the location of a particular group of

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439 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 50.

440 Erik Olin Wright, "Working Class Power, Capitalist -Class Interests, and Class Compromise," *American Journal of Sociology* 105, no. 4 (January 2000): 957-1002.

workers in the industrial sector.<sup>441</sup> In a certain conditions, the two types of power give the workers the upper hand in challenging their employers or negotiating with them by collective bargaining. Therefore, the workers used their means of power to remove barriers impeding their ambitions and oblige the employers to reconsider labour interests. Moreover, with reference to the Sarcheshmeh Copper Mine, the assembly of workers at KCI, mainly comprised of local manpower, on occasion were able to reshape the structure of class conflict because it could merge with the land use conflict; since landownership as a source of power enhanced the local workers' advantage in grappling with the company.

Returning to the structural power of the workers, the Sarcheshmeh Copper Mine confronted labour shortage at a certain point during the year. The issue arose from the long absence of workers on two occasions; first was the long national holiday of Nowruz (New Year holiday), when it was expected that the workforce would be absent for two weeks. The second was at planting and harvest time, when some peasant-workers left their jobs to work on their own small holdings or on their landlord's land. Absenteeism is a common problem worldwide which can be rooted in uncertainty about job security, insufficient payment, and a non-attractive welfare policy. For instance in France in the 19<sup>th</sup> century, mining was one of the business sectors which provided the lowest supplementary income to its workforce. Then, miners' resistance was projected by seasonal absenteeism as workers joined in regional grain, grape, or potato harvests; with a preference for flexible schedules which allowed for the comings and

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441 Ibid., 962.

goings.<sup>442</sup> Labourers entered the mines as soon as there was an agricultural crisis, but when other job possibilities arose, including rail construction, the young disappeared.<sup>443</sup> To resolve the problem, the business owners introduced a permanent job contract, increased wages, improved work conditions, and promoted social policies.

Sometimes in Sarcheshmeh Copper Mine the labourers also resisted industrial discipline in the workplace, specifically when a foreign supervisor was in charge. In one case, a foreign supervisor who exercised rigid control was injured one night by a worker from Pariz, who had been egged on by fellow villagers. The company identified the attacker and dismissed him the next day.<sup>444</sup> However, the company sometimes demonstrated less authority against local employees who were disobedient or misbehaved. For example, subsequent to the KCI's offer, one small landowner traded a share of his land to the company, and also agreed to sell the rest later. Meanwhile, the company offered him a job as a concession to prevent him from trouble making and to secure his cooperation in the future. However, the reward did not properly succeed, and the company was sometimes faced with disobedience and ill-discipline from him.<sup>445</sup> The Iranian managers tried to appease him, as the worker still had some power based on his landownership, while the British who had little knowledge about the local power relations questioned why the company did not bring disciplinary action against him.<sup>446</sup> That power

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442 Michelle Perrot, "On formation of French Working Class," in *Working Class Formation: Nineteenth-Century Patterns in Western Europe and United States*, ed. Ira Katznelson and Aristide R. Zolberg (New Jersey: Princeton University Press, 1986), 78-79.

443 Ibid., 79.

444 Hassanpur, Interviewed by Author, December 19, 2013.

445 That was most likely a technique from the locals to force the company to buy land at a higher price to get rid of the trouble making.

446 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 12.

also originated from a structural base, as the mine was in the early stages of exploration and the company was not well-established. Moreover, it was the state's intention to preserve a decent consideration to the locals based on the structural relationship of villagers with the state. In the case of an escalating dispute between the company and the powerful local employees, it could disrupt developmental procedure, leading to financial loss for the company.

In general, Sarcheshmeh was peaceable until the months leading to the 1979 Revolution. The workers brought a number of collective actions to present their discontent to the authorities, but all had been minor incidents which never led to a critical disruption. Only two minor strikes occurred during KCI's management. Both strikes were run peacefully, lasting just a few hours. The first strike was by Geoprosco workers, the drilling contractor, because the company did not make an overtime payment, which was caused by an accounting error.<sup>447</sup> The second strike occurred among contract workers involved in the pilot plant construction.<sup>448</sup> Both strikes were swiftly resolved with minimum conflict. The lack of collective bargaining during this period was because, in the newly established mine, the workers had not yet unified under a collective identity. That was also partly rooted in the scarcity of organisational power among the workers — however, there was a good level of satisfaction among the workers which was due to the company's welfare policy combined with the locals' poor economic background, which was the case for the vast majority of the workers at Sarcheshmeh Copper Mine. The labour wage protected their families from a chronic shortage of the

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447 Selection Trsust Archives, The Field Opperation at Sarcheshmeh 1967-1970, 14.

448 Selection Trsust Archives, The Field Opperation at Sarcheshmeh 1967-1970, 14.

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necessities of life and relieved their deprivation. Moreover, the state kept an eye on the industrial relations, which is observed in the state's responses to petitions received from the workers against the employers. Despite the fact that the Sarcheshmeh Copper Mine workplace had not become an organised "proletarian" environment in terms of exhorting the company through collective bargaining, individual workers nevertheless made personal demands.<sup>449</sup> The labour law introduced an internal judicial council to the workplace, as well as an external court for matters which could not be resolved internally. Despite this judicial system, each citizen could bypass the whole process and send a petition to the central authority, which was the Shah. The bottom-up route of making a complaint through the Royal Investigation Office enabled ordinary people to seek redress in different ways.<sup>450</sup> The Royal Investigation Office referred the matter to the relevant authority, and followed up the result.

Petitioning is a worldwide practice to place "demands for a favour or for the redressing of an injustice directed to some established authority".<sup>451</sup> It is a channel to facilitate communication between the governor and the people. Petitioning the Shah was a tradition in Iran as well. However, after the Constitutional Revolution the petitions were mostly referred to the newly established legitimate power centre, the Parliament.<sup>452</sup> The rise of Reza Shah reconstructed the channel of

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449 The poor state of the archives in Iran regarding people's petitions related to the Sarcheshmeh Copper Mine caused some difficulties in this study, as the few preserved documents mostly contained personal issues.

450 For further explanation on the tradition of Arizeh Nevisi see Siavash Shohani, "Arayez, Rahyafte be Tarikh-e Forudastan: Barresi-ye 'Arayez-e Asnad-e Majles-e Shora-ye Melli" [An Approach towards History of Subaltern: A Study on Petitions in Documents of National Parliament], *Ganjineh-ye Asnad* 79 (1389): 42-79.

451 Lex Heerma Van Voss, "Introduction," *International Review of Social History* 46 (2001): 1.

452 Mansureh Ettehadiyeh Nezamafi, *Majles VA Entekhabat* [The Parliament and the Election] (Tehran: Nashr-e Tarikh-e Iran, 1375[1996]), 23.

petitioning between the Shah and the people, as he stated “I am obliged to look after the oppressed and to liberate them from the oppressors. I will permit all my countrymen to bring their complaints directly to me and to request redress directly from me.”<sup>453</sup> The significance of petitioning to the rulers firstly is rooted in the central government receiving the opinions and feelings of the ordinary people.<sup>454</sup> This helps the central authority avoid resistance brought about by a lack of concern for people’s demands by the local authorities. Secondly, the right to petition works as a safety valve.<sup>455</sup> If petitioning provides citizens with the opportunity to express their demands and grievances, at the same time it enhances the legitimacy of the rulers.<sup>456</sup> It needs to be indicated that the lack of labour unions and labour syndicates also prompted the workers to send their grievances to the Shah instead of a related syndicate.

Reviewing petitions presented to the Royal Investigation Office against some senior staff at Sarcheshmeh Copper Mine shows that the Office considered the demands, referring them to the appropriate authorities for further investigation, and followed up the results. For instance, in a petition to the Shah from a local employee, Ahmad Sarcheshmehpur, who had been dismissed, he complained against Colonel Auhady, a senior company man who was head of security for KCI.<sup>457</sup> The initial indication is that Auhady’s power, which derived

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453 Habib Ladjevardi, *Labor Unions and Autocracy in Iran*, Syracuse (New York: Syracuse University Press, 1985), 12.

454 Lex Heerma Van Voss, “Introduction,” *International Review of Social History* 46 (December 2001): 1.

455 K. Tenfelde and H. Trischler, eds., *Bis vor die Stufen der Throns. Bittschriften und Beschwerden von Bergarbeitern* (Munich, 1986), 14 Quoted in Lex Heerma Van Voss, “Introduction,” *International Review of Social History* 46 (December 2001): 4.

456 Serhan Afacan “State, Society and Labour: A Social History of Iranian Textile Workers, 1906-1941” (PhD diss., Leiden University, 2016), 18.

457 Petition, National Library and Archives of Iran, Kerman.

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from his organisational position as well as his background in the Iranian army, did not cause the villager to hesitate in lodging a grievance against him. That demonstrates the local's enhanced agency in challenging an authority and also the expectation that it would be considered by the central authority. In another petition, an engineer named Reza Dadashzadeh complained about what he claimed was the misbehaviour of his British supervisor.<sup>458</sup> His radical nationalist sentiment will be extensively discussed later in this chapter. Ali Fasihi, a driver at Sarcheshmeh, also complained about being dismissed from his job.<sup>459</sup> Tracing the correspondence regarding the petitions mentioned above, shows the system was followed in an orderly way, and a decision was duly given.

Shop floor conflicts, which rarely occurred, could happen between workers, such as when the workers sometimes demanded more food from the catering staff at the canteen, which could cause an argument and might lead to a fight.<sup>460</sup> However, conflict was not just between workers and supervisors, but between Iranians and foreigners, too. Therefore, nationalist sentiments were a source of conflict not only among the Iranian workers, but also among the Iranian managers. Because of the clannish nature of the region, worker relations could be connected to events outside the workplace, so that any dispute or friction at work could quickly extend outside it. This could even lead to a conflict between two villages. Despite the fact that reports record

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458 Petition, National Library and Archives of Iran, Kerman.

459 Petition, National Library and Archives of Iran, Kerman.

460 Selection Trsust Archives, The Field Operation at Sarcheshmeh 1967-1970, 5.

no constant problems leading to major disruption, some issues arose which will be discussed later in this chapter.<sup>461</sup>

Land is a significant component in the structure of social relations in the countryside. Land ownership contributes to the formation of social status through its economic value as well as its importance as a social capital. It shapes part of the social identity of rural communities, specifically among those whose land ownership dates back to distant ancestors. As a result, any interference in their property ownership, such as mining development, does not occur without land-use conflict: the locals expect to be compensated by the company in return for giving permission to carry out mining operations on their land. "Treasure" is the common term applied to discovery of a mine deposit in Iran. The treasure, then, must be shared with the owner of the land at the time of discovery.<sup>462</sup> This could be interpreted also as the locals must have priority in receiving benefit from cash payments, employment prospects and social services.<sup>463</sup> Therefore, for the locals, working at Sarcheshmeh Copper Mine was assumed not as a privilege but as an inalienable right. They expected that they should

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461 In the interviews with the former workers, they rarely expressed discontent about the foreigners and their relationship with Iranians. Also, in Abbas Kamali, "Goftogu ba Aqa-ye Abbas Kamali, Kargar-e Ta'mirgah-e Ma'dan" [A Conversation with Mr. Abbas Kamali, the Worker of the Mine's Repair Shop], *Tohid Magazine*, 1361[1982], 4. *Tohid* was an internal magazine which started being published after the 1979 Revolution and it was the organ of Islamic Association of Employees of Sarcheshmeh Copper Complex Corporation.

462 The well-known Iranian historian, Mohammad Ebrahim Bastani-Parizi states that "we, people of Pariz, have eaten Nun-e Jo, Dogh-e Go [Oat Bread and Cow Yogurt] and suffered hungeriness for thousands of years and perceive the copper mines as a stake to protect a treasure. Now see who are the main shareholders of Sarcheshmeh Copper Mine and where is its money, which is equivalent to oil income, going?" See Mohammad Ebrahim Bastani-Parizi, *Az Pariz ta Paris* (Tehran: Nashr-e Khora, 1378), 301; in another quote he stated: "the people of Pariz must breathe the dust generated from extraction, and the trees of Mohammad Samani Pariz and Dargaz valley are dying due to acid rainfall, while the electrical wire, telephone cables, and transistors are supposed to be manufactured in Yazd [a city in neighbouring province]". See Mohammad Ebrahim Bastani-Parizi, *Sahifeh-ye Al-Ershad* (Tehran: Nashr-e Elm, 1384), 173.

463 Stuart Kirsch, *Mining Capitalism: The Relationship between Corporation and Their Critics* (Oakland: University of California Press, 2014), 7.

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not have to compete with non-local workers. In effect, distribution of economic benefits can be one of the critical sources of conflict.<sup>464</sup>

The Sarcheshmeh Copper Mine had a hard task in convincing local inhabitants to sell their land and driving them to move to a new place. They would have to deal with a considerable number of people who owned land. The locals interrupted the exploration in a number of ways, such as blockading of roads, lying down in front of bulldozers, and sitting on a shot hole when it was ready for blasting.<sup>465</sup> As mentioned before, Amiri and KMC's advocate, Mr. Nikkhah, were appointed to negotiate with the locals to justify the project. Amiri initially gave one of his own gardens to the company to gain the people's trust. It was an effective move on his part, but did not prompt all the local landowners to follow suit. The next step was that the KCI decided to act more boldly. Some people were faced with threats from Colonel Auhady,<sup>466</sup> head of the company's security department. He was also appointed for land purchasing. Later, rumour spread that if owners did not sell their lands they would be banished to Abu Musa Island or Tunb Island.<sup>467</sup> Another rumour also circulated that the mine would be expanded to a distance of four farsakh<sup>468</sup> on four sides, and every village within that radius would be evacuated. The exploration operation also damaged the environment and natural

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464 See Javier Arellando-Yanguas, "Mining and Conflict in Peru: Sowing the Mineral, Reaping a Hail of Stones," in *Social Conflict, Economic Development and Extractive Industry: Evidence From Southern Africa*, ed. A. Bebbington (London: Routledge, 2012), 89-111; Colin Filer, "Resource Rents: Distribution and Sustainability," in Ila Temu, ed. *Papua New Guinea: A 20/20 Vision*, Edition 1, Chapter 13, (Australian National University, 1997), 222-260.

465 Selection Trust repost, 25.

466 Ali Amiri and Mohammad Amiri, Interviewed by Author, December 16, 2013

467 Abu Musa Island and Tunbs Island (Greater and Lesser Tunbs) are small islands located in southern Iran in the Persian Gulf. They were recognised by Sarcheshmeh locals as remote places with very hot weather.

468 Farsakh, some call it farsang; in the past it was a unit of measurement of distance, and is still sometimes used by older people. 1 farsakh= 6km.

resources with chemical substances infecting the rivers, and harming the agriculture and animals. As a result, more locals decided to sell their lands and migrate to a new place.

Mahmud Rezai's meeting with the local community also settled the conflict, as he promised that if the mine reached the exploitation stage, three per cent of it would be transferred to collective local ownership.<sup>469</sup> The landowners also came to an agreement with the company on a pension scheme which committed the company to pay a monthly pension to those who could not work in the company. The monthly payment was between 2,000 and 4,000 rials per month, according to the scale of proprietorship of each individual. For instance, someone who had 14 habeh<sup>470</sup> was paid 2,400 rials per month.<sup>471</sup> Some landowners also reached an agreement with KCI and sold their land for varying prices. In one case in 1968-1969 the company bought 14 habeh for 8,000 rials per habeh.<sup>472</sup>

The KCI's negotiation with financial institutions to extend loans for the Sarcheshmeh Copper Mine did not go well. Their negotiations with the Iranian state also had a similar result. Therefore, financial uncertainty led to a reduction of activity on site, until there was not enough work even to fill the workers' usual working hours. The working day that once began at 6:30 am shifted to a start-time an hour later at 7:30 am, and finished at 3:30 pm. Then, the company was compelled to suspend its activities at the mine, and work there stopped for two years. Although that was not good news for any of

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469 Jokar, Interview by Author, October 16, 2013. He claimed that Rezai's written promise was signed and delivered to the locals, but no such document has been seen by this author to prove it.

470 Habeh: It is a unit of property and land ownership. Each plot of land is divided into six Dang, and each Dang is 16 habeh. Therefore, each property is divided into 96 habeh.

471 Mohammad Amiri, Interviewed by Author, December 16, 2013.

472 Mohammad Amiri, Interviewed by Author, December 16, 2013.

the employees, their newly acquired skills had nevertheless made them a qualified labour force for other projects across the country. They dispersed to various places, with a coal mine in Zarand in Kerman province one of their main destinations.

Selection Trust's team left the site too, leaving behind all their machinery and instruments, for they believed there was still some hope for the project. Ayatollahi-Musavi was in charge of the site, acting as guide for the representatives of companies and financial institutions who came on site for a survey.<sup>473</sup> The company also kept five workers during the inactive years, including Mahmud Bastani-Parizi, Alijan Nurmohammadi, Mahmud Syah, and Amiri as caretakers of the company's property and equipment. The weather station was kept open to record all meteorological data. The KCI's efforts brought no results and ultimately, they left the project for good in 1971.

### **The Turning Point: New Management and Transformation from Semi-Worker/Semi-Peasant to Worker**

As was described in the previous chapter, the Sarcheshmeh Copper Mine was nationalised in 1972 and the mine's affairs came under a state-owned company named SCMCK. The well-known Iranian technocrat, Reza Niazmand, was then appointed as the first managing director of the company. SCMCK reached an agreement with the US mining giant Anaconda to act as consultant to resume the Sarcheshmeh Copper Mine project. The state muscled in to accelerate

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473 Akbar Ayatollahi-Musavi, "Mes-e Sarcheshmeh Qabl az Jang-e Jahanye Avval Kashf Shodeh bud" [Sarcheshmeh Copper Mine was Discovered before the WWI], *Asr-e Mes Online*, Tir 3, 1395[June 23, 2016], <http://asremesonline.ir/news/?Id=10396>

the progression, with a very detailed plan and sufficient investment arranged so that the project would be completed in four years.<sup>474</sup> The Parson-Jordan Company from the US became joint contractor and a British company, Binnie and Partners, contributed by supplying the water system. Later in 1977 a German company, Krupp Gmsh, and a Belgium company, Mechim, became involved in constructing the refinery.

SCMCK, as a state company, gave special consideration to the workforce and promoted the KCI's paternalist view to the next level. As was discussed in detail in chapters two and three, the post-war development of the welfare-state in Europe was based on Keynesian economic theory and its rapid expansion partly resonated from the growth of communism as a threat against the Western bloc. Socialism became the centre of thought, leading to a redefining of social phenomena to determine new state principles and launching a series of welfare policies to protect citizens against unforeseen incidents such as unemployment, illness, and aging. Therefore, the new social policy improved the living standards of the vast majority of people in the Western bloc, including the working class which was identified as the strategic social force in fighting against capitalism.

The idea of a welfare state inspired some developing countries, including Iran. The rapid growth of the price of oil in the late 1960s and 1970s provided the Iranian state with an enormous source of income, enabling it to introduce some welfare policies targeting the working class. However, the social programmes were not evenly

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474 The giant project did not complete in four years because of a considerable shortage in infrastructure such as transportation as well as human resources. As a result, the mine practically reached operational stage in 1980.

## Chapter Four

placed, as the growth of remunerated labour in terms of amount, social position, and job security expanded in the large new industries particularly oil, petrochemical, steel, and industrial manufacturing.<sup>475</sup> This stemmed from Iran's industrialisation strategy, based on import-substitution. This forms a discrete labour market in comparison with an export-oriented strategy of industrialisation. The latter predominantly relies on low labour costs to keep the final price down, making it competitive on the international market, while the former targets the domestic market to make the country autonomous from outside market forces in relation to a particular commodity.<sup>476</sup> Consequently, import-substitution laid the ground for specific industries to monopolise the domestic market with no strong competition and enabled them to raise their financial performance. As a result, the strategy of import-substitution and state protectionism was less in consideration of a reduction in labour costs, as it led to companies offering an enhanced welfare policy to attract the most skilled workers in competition with the others industries during the 1960s and 1970s when Iran's rapid industrial growth increased the scarcity of skilled labour.<sup>477</sup> The uneven welfare policy covered a third of the total paid workforce in Iran, who received five times more income than workers in other industries and sectors.<sup>478</sup> The remaining two thirds were semi- and non-skilled workers in the mining industry, construction, and small industries and services in urban areas.

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475 Fred Halliday, *Iran: Dictatorship, Development* (New York: Penguin Books, 1979), 189-190.

476 M Bjorkman, L.S. Lauridsen, and H Secher Marcussen, "Types of Industrialisation and Capital-Labour Relation," in *Trade Unions and the New Industrialisation of the Third World*, ed. R. Southall (London: Zed Book, 1988), 99.

477 Assef Bayat, *Workers and Revolution in Iran*, 27.

478 *Ibid.*, 189-190.

The Sarcheshmeh Copper Mine was distinguished as one of those companies to offer higher wages and advanced social services. In addition to the strategy of import-substitution which stimulated the advanced welfare policy at the mine, the quality of the policy and its dimensions were influenced by other factors. First and foremost, as detailed in chapter three, was the primary projection which indicated that the Sarcheshmeh Copper Mine would deliver a high return in its operational stage. Therefore, the company could attain a sufficient level of profitability to be able to recoup its initial high investment in infrastructural welfare development such as housing. That permitted the managing director to allocate further funds to implement an enhanced social policy. However, the remote geographical location of the mine as well as its harsh environment, portrayed it as an unpleasant place to work, specifically to those coming from outside the region. The labour force therefore eschewed the Sarcheshmeh Copper Mine as a desirable workplace, especially during those years of rapid industrial growth in 1960s and 1970s when the country was faced with a paucity of professional workers, including a skilled labour force, technicians and experts. In addition, the presence of American and European workers drove the managing director to pay more attention to improving social services. As Reza Niazmand stated “I planned to construct a modern copper complex in all aspects from technology to welfare facilities. We had to run highly developed social services to persuade the work force to stay at Sarcheshmeh Copper Mine.”<sup>479</sup> Last but not least, the presence of an American company at the mine inspired the company to view its social policies

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<sup>479</sup> Reza Niazmand, Interviewed by Author, June 4, 2016.

and labour force in the light of the American's stance.<sup>480</sup> According to Niazmand, the presence of Americans greatly influenced the design of social policy and the establishment of welfare foundations at Sarcheshmeh Copper Mine.

### **Recruitment, Wage, and Social Policy**

The SCMCK called on former employees, who had meanwhile found positions in other companies during the gap years, to return to Sarcheshmeh Copper Mine. The first person, number 1001, was registered as Mahmud Bastani-Parizi, and the second one, 1002, was Ahmad Hosseini-Hansinji. The rapid expansion of the mining industry in Kerman province, including coal mines in Zarand and the copper mine in Sarcheshmeh, intensified the possibility of a labour shortage in the agricultural sector.<sup>481</sup> Therefore, the company was driven to importing labour from outside Kerman province from such places as Azerbaijan and Khuzestan. The skilled workers from Khuzestan brought significant experience gained from establishing and maintaining one of the biggest oil refineries in the world, the Abadan refinery, which elevated them to the status of precious skilled workers for the country.<sup>482</sup> Motreqi, as the foreman of the workers

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480 For further explanations about the dominant view in designing workplace and company towns in America see Margaret Crawford, *Building the Workingman's Paradise: The Design of American Company Towns* (London: Verso, 1995).

481 Prime Minister Hoveida, to Madjidi, the head of the Budget and Plan Organisation. National Library and Archives of Iran, Kerman.

482 Fred Halliday stated that the Iranian oil industry made no significant contribution to the training required for a skilled industrial labour force in Iran. His claim needs further investigation. First of all, their numerical strength was not low in comparison with certain other industrial sectors. The skilled oil workers were also renowned, and their influence can be seen in the establishment of other heavy industries, including the Iranian copper industry. See Fred Halliday, *Iran: Dictatorship and Development* (New York: Penguin Books, 1979), 180. For further reading on trading workforce on Iranian oil industry see: Touraj Atabaki, *From Amalleh (Labour) to Kargar (Worker): Recruitment, Work Discipline and Making of Working Class in the Persian/Iranian Oil Industry*, *International Labour and Working-Class History* 84 (Fall 2013): 159-175; Touraj Atabaki, "Oil and Labour: The Pivotal Position of Persian Oil in the First World War and The Question of Transnational Labour Dependency," in *Micro-Spatial*

from Khozestan, led his team to carry out major concrete construction work, such as fixing steel reinforcement, pouring concrete, and carpentry.<sup>483</sup> They were settled on a specific road on the site, called Abadaniha's Lane. The labour shortage also obliged the company to import workers from other countries. Korea, the Philippines, Pakistan and Bangladesh became the main sources of skilled foreign labour, recruited through a US employment agency.<sup>484</sup> For instance, the office administrative and secretarial positions required a proficient working knowledge of English language to support the multinational workplace. Because there were insufficient Iranian applicants with adequate English proficiency, the company then looked for qualified workers from other countries to fill secretarial vacancies. The neighbouring Pakistan had been in close contact with the British for a long time, so its people had adopted the English language to a great extent. Moreover, Pakistan's weak economy and proximity to Iran made it a source of cheap labour for Sarcheshmeh Copper Mine. However, the office staff did not stay long at the mine and were sent back home due to certain issues raised after their arrival. These circumstances will be explained and discussed later in this section. The company also hired workers from South Korea to carry out all wiring and electrical work. They were settled in separate blocks on Korean Lane.

Despite importing workers from outside the region, the company preferred to focus on training local labourers, rather than outsiders,

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Histories of Global Labour, ed. De Vito, Christian G., Gerritsen, Anne (Palgrave Macmillan, 2018), 261-289; Kaveh Ehasani, "Social Engineering and the Contradictions of Modernization in Khuzestan's Company Towns," *International Review of Social History* 48 (2003): 361-399;

483 Baqeri, Interviewed by Author, December 5, 2013.

484 Mehdi Zarghamee, Interviewed by Author, November 3, 2016.

based on their assumption of a higher labour turnover among the non-local employees in comparison with a local workforce. The non-local workers were more likely leave their jobs and return home after the training period and working for just a short time, while labour turnover was less among local employees.<sup>485</sup> To develop labour skills, the company considered a number of institutes for training purposes. The first group of workers was sent to the Markaz-e Amuzesh-e Mashinsazi-ye Arak [The Training Centre at Arak Machin Tools Manufacturing] for training, some went to the Advanced Industrial Centre in Isfahan, and others to a newly established training centre in Rafsanjan. Many were also trained on site at the mine. An American woman, Ms Marylou, also ran English courses for Iranians.

In addition, the company decided to train younger locals in different fields to prepare them for the wider labour market. A number of courses were promoted to the villagers and they were encouraged to send their older children to attend the programmes. Among the applicants, there were teenage girls from different villages, including 16 girls from Pariz who participated in programmes that taught English language as well as office tasks. The company facilitated their everyday transportation from Pariz to the mine and return. The programme promised a good future for the girls, however the local patriarchal culture inflicted social pressure on them and their families because working outside the home was not acceptable for the girls, especially in a workplace with unknown men. The locals labelled the girls, Dokhtaran-e Ma'dani [The Mine Girls], to differentiate them

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485 Gerald LaMiaux, Interviewed by Author, December 7, 2015.

from other girls, applying much social pressure.<sup>486</sup> However, one of those girls who has retired from Sarcheshmeh Copper Mine states that “we were pleased to go to the mine, because they respectfully treated us in the training centre and we were called ‘Miss’.”<sup>487</sup>

Along with the project development, numbers in the workforce increased, as the company had employed 46 foreign experts, 75 Iranian technical staff, and 561 workers up to the end of 1973 (table 1).<sup>488</sup> The total employees, then increased to 1,310 in 1974, of whom 980 were workers, 261 Iranian technical staff, and 69 foreign experts.<sup>489</sup> In the following year, 1975, the number of employees grew to 1,264 labourers, 534 Iranian technical staff, and 590 foreign experts. The total number of employees rose to 2,655 by 1980.

**Table 1: Numbers in the Labour Force at the Sarcheshmeh Copper Mine Project**

|             | <b>Total number<br/>of workforces</b> | <b>Iranian<br/>workers</b> | <b>Iranian<br/>staff</b> | <b>Foreign<br/>experts</b> |
|-------------|---------------------------------------|----------------------------|--------------------------|----------------------------|
| <b>1973</b> | 682                                   | 561                        | 75                       | 46                         |
| <b>1974</b> | 1310                                  | 980                        | 261                      | 69                         |
| <b>1975</b> | 2388                                  | 1264                       | 534                      | 590                        |
| <b>1980</b> | 2655                                  | N/A                        | N/A                      | N/A                        |

Source: Sarcheshmeh Copper Mine Annual Report 1973 & 1974

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486 Zahra Vosuqi, “[We Spent our Childhood in Sarcheshmeh], Esteqamat-e Kerman Weekly Supplement, no. 516, Bahman 17, 1394 [February 6, 2016], 7.

487 Ma’sumeh Ebrahimi, “Neshast-e Khatereh” [Sharing Memories Meeting], Esteqamat-e Kerman Weekly Supplement, no. 516, Bahman 17, 1394 [February 6, 2016], 7.

488 Sarcheshmeh Copper Company Annual Report, 1973, 10.

489 Sarcheshmeh Copper Company Annual Report, 1974, 10.

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Work was carried out in a single shift until early September 1974 with work hours from 7 am to 3:30 pm and a 30-minute lunch break from 11:30 am to 12:00 noon. However, the project development was behind schedule, therefore the company set up two shifts to compensate for the delay.<sup>490</sup> To accelerate the pace of progression, it then decided to implement a three-shift working plan to be undertaken by 16 excavation machines. Each machine required four workers, hence 192 workers were engaged in working with the excavation machines over a 24-hour period.

**Table 2: Sample of Workers' Daily Wages at NICICO**

| <b>Occupation</b>               | <b>Year</b> | <b>Wage (rial)</b> |
|---------------------------------|-------------|--------------------|
| <b>Guard</b>                    | 1972        | 140                |
| <b>Assistant Technician</b>     | 1972        | 200                |
| <b>Assistant Builder</b>        | 1973        | 120                |
| <b>Driver (Licence Level 2)</b> | 1972        | 320                |
| <b>Driver (Licence level 1)</b> | 1973        | 876                |
| <b>Assistant Driver</b>         | 1973        | 342                |
| <b>Construction Worker</b>      | 1973        | 100                |
| <b>Plumber</b>                  | 1973        | 320                |
| <b>Gardener-grade 2</b>         | 1973        | 408                |
| <b>Assistant Gardener</b>       | 1973        | 288                |
| <b>Mechanic</b>                 | 1973        | 350                |
| <b>Stockman</b>                 | 1973        | 120                |
| <b>Stockman</b>                 | 1974        | 240                |
| <b>Welder grade 1</b>           | 1973        | 600                |
| <b>Carpenter- grade 2</b>       | 1973        | 300                |
| <b>Carpenter- grade 1</b>       | 1973        | 568                |
| <b>Assistant Carpenter</b>      | 1973        | 120                |

Source: Houman Resource Records at NICICO

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490 Sarcheshmeh Copper Company, Annual Report, 1974, 6.

The Sarcheshmeh Copper Mine paid a minimum wage of 120 rials per day to the unskilled workers in 1973 (See table 2). That was close to the 140 rials paid daily to Iranian oil workers. However, the fundamental difference was that the mine was still being established and was not yet operational, while the National Iranian Oil Company was well-established as a wealthy company.<sup>491</sup>



**Figure 2: Workers at Sarcheshmeh Copper Mine 1976**

Based on company legislation there were six weeks of work and one week of leave for the technical staff, called “R&R”. The company also provided free flights to Tehran for staff on R&R on its own light aircraft with a pilot from Pakistan.<sup>492</sup> Eventually the service was

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<sup>491</sup> Mehdi Zarghamee, Interviewed by Author, November 3, 2016. Oil workers received the sufficient pay and developed welfare policy in comparison with the workers in other sectors.

<sup>492</sup> Nuhi, Interviewed by Author, November 26, 2013.

abandoned because the company realised that some local staff were selling their free tickets to other staff for cash.

The roads to the main villages, such as Pariz, were also improved to make commuting easier for those labourers who had settled off-site.<sup>493</sup> The development of the road network allowed labourers to commute daily, which enabled them to stay with their families rather than remaining on site at the mine for the whole week. The Iranians and foreigners took different buses for everyday commuting to the workplace. Beverages and beer were provided on the foreigners' buses.

The company also established a cooperative company with an initial capital of 1,094,500 rials,<sup>494</sup> to deliver various types of financial services and support to the employees. For instance, it made an agreement with a home appliance supplier in Kerman city, a store named Nokhost belonging to 'Alemzadeh, to finance the appliances needed by the Sarcheshmeh Copper Mine employees.<sup>495</sup>

The SCMCK served food at lunch-time every day for labourers as well as general staff. The number of canteens increased although they were still separated on the basis of class division of worker and general staff. Some nationalities, such as the Koreans, also had a separate canteen. The Iranian workers were served with different types of food of reasonable quality; however, some workers state that the technical staff received a higher quality of food and services than the workers.<sup>496</sup>

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493 Sarcheshmeh Copper Company, Annual Report, 1973, 6.

494 Sarcheshmeh Copper Mine, Annual Report, 1974, 10.

495 Nuhi, Interviewed by Author, November 26, 2013.

496 For instance, the general staff food usually came with soup and fruit, but workers not. Baqeri, Interviewed by Author, December 5, 2013; Hassanpur, Interviewed by Author, December 19, 2013. The

Although the statistics in footnote 503 show that more was spent on food than was standard for employee meals, and could be construed as a sign of corruption of some sort, embezzlement or fraud, there is no hesitation about the good quality and quantity of food based on worker testimonies.<sup>497</sup>

### Construction of a Modern Town

The emergence of company towns dates back to the 18<sup>th</sup> century, with the onset of the industrial revolution in Britain, when dwellings for the workforce were built near the mining and industrial centres. In Iran, the early wave of industrialisation saw the construction of company towns from the discovery of oil in 1908 and the establishment of the oil industry in southern Iran. The first oil company town was Masjed Soleyman, constructed on an old rural centre which had a dynamic relationship with the town. Then the first industrial company town, Abadan, also related to the oil industry, was built around an existing urban community.<sup>498</sup> By contrast,

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food for each employee costed the company as follows: Breakfast - 71.7 rials; Lunch - 73.2 rials; and Dinner - 73.3 rials. The company deducted between 15 to 25 rials from their employees' wages for breakfast, and 20 to 50 rials for lunch and dinner. If an employee ate meals three times a day in the company then he would consume a minimum of 78.678kg of meat per month (2.772kg daily), 15.872kg of rice (512g daily), 85.932kg of vegetables (2.772g daily), 51.368 kg fruit (1.658kg daily), 520 eggs (16.8 daily)

497 An individual consumed on average 216 g meat, 403 g vegetable, 4 g rice and 304 g fruit a day in West Germany in 1977. See Stern magazine, no. 26, July 13, 1978, 95. The examples are not for the Iranian society, but it gives some clues for studying.

498 Hassan M Ashkevari, Barresi VA Shenakht-e Nemoneha-ye Mojod-e Marakez-e Maskunye Vabasteh be Sanaye'-e Aslye Keshvar [A Study of Residential Places Related to the Basic Industries in Iran], in Majmu'eh-ye Maqalat-e Seminar-e Shahrha-ye Sana'ti-Ma'dani [The Collection Articles Presented to the Conference of Industrial-Mining Towns], Vol. 3, Khordad 1370[April 1991], 137. For further reading see: Touraj Atabaki, From Amalleh (Labour) to Kargar (Worker): Recruitment, Work Discipline and Making of Working Class in the Persian/Iranian Oil Industry, *International Labour and Working-Class History* 84 (Fall 2013): 159-175; Kaveh Ehasani, Social Engineering and the Contradictions of Modernization in Khuzestan's Company Towns". *International Review of Social History* 48 (2003): 361-399.

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Sarcheshmeh Copper Town was designed for an economic function without dynamic relationships with the outside.<sup>499</sup>

Prior to nationalisation, the KCI asked the ‘Abdolaziz Farmanfarmaian and Associations Group’ in April 1970 to conduct a feasibility study for settlement of the Sarcheshmeh Copper Mine workforce. A French consultant, Monsieur Marc le Caisre, reviewed the Farmanfarmaian’s outcomes and ultimately a team from Selection Trust prepared the final feasibility study report. That report later became the key reference for construction of Sarcheshmeh Copper Town by the SCMCK and Anaconda.<sup>500</sup>

In contrast with the first industrial town, Abadan, which was designed by a British architect, James M. Wilson,<sup>501</sup> decades later an Iranian architect qualified to design a company town was contracted. The SCMCK then came to an agreement with the ‘Institute of Abdolaziz Farmanfarmaian and Associations Group’ and the ‘Consultancy Engineers Company’ to oversee the engineering services and to monitor its implementation.<sup>502</sup> The contract was signed on 25 April 25<sup>th</sup> 1973.<sup>503</sup> A location for the town was identified 5 km south-west of the mine. The main construction subcontractors were Gostareh Maskan,<sup>504</sup> Tesa-Armeh,<sup>505</sup> Akam,<sup>506</sup> Merkuri,<sup>507</sup> and Fildeh.

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499 Prior to the construction of Sarcheshmeh Copper Town, some non-local workers and staff lived on site and the rest mostly lived in Rafsanjan. That increased property demand in Rafsanjan subsequently caused a dramatic rise in house prices. The company prepared transport for everyday commuting from Rafsanjan and Pariz to Sarcheshmeh.

500 Mehdi Mohebi-Kermani, “Shahre-e Mes: Fosaursat-e Tose‘eh” [Sarcheshmeh Town: Opportunity of Development], *Mes Magazin*, no 9, 1385, 10.

501 Mark Crinson, “Abadan: planning and architecture under the Anglo-Iranian Oil Company,” *Planning Perspectives: An International Journal of History, Planning, and Environment* 12, no. 3 (1997): 341-359.

502 Abdolaziz Farmanfarmaian was a well-known Iranian modern architect who designed some famous architectural projects such as the Azadi [Shahyad] Sport Complex, a Carpet Museum, the Agricultural Bank building, and Niavaran Palace.

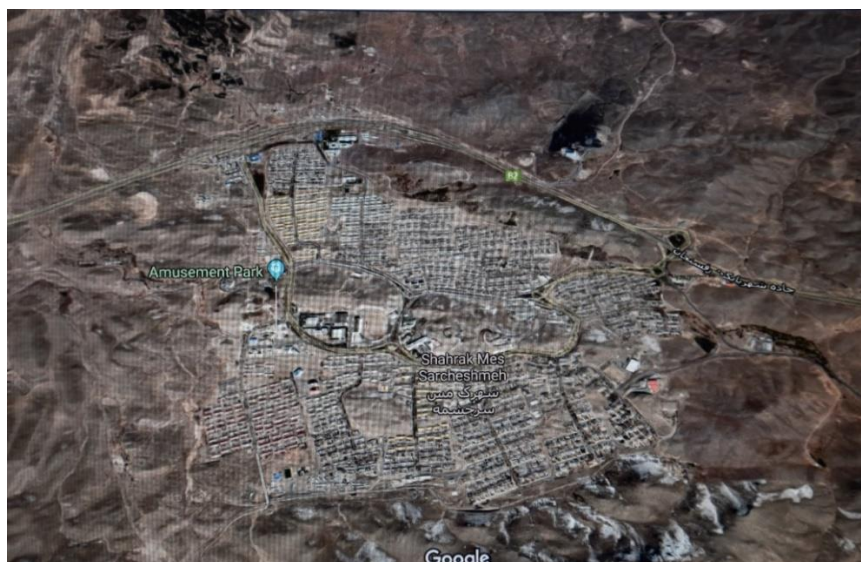
503 The original copy of the contract, Tarh VA Me‘mari Consulting Engineers.

504 It belonged to Mr Ali Ebrahimi.

505 It belonged to Mr Malekzadeh.

Construction of the settlement to house 12,000 people began in early 1974 on a 4 km<sup>2</sup> plot in a remote mountain area at an altitude of 2,620 m. The area is known to have severe, windy, and snowy weather in winter, with minimum temperatures as low as minus 20°C. The summer weather is pleasant with maximums of about 32°C. Average rainfall is 200 mm per year.

The erection of the town caused the destruction of several semi-residential villages such as Asadabad Safi, Deheh Qilch, Kadij ‘Olya, Kadij Vasati, Kadij Sofla, Asadabad Bayer, Abbasabad Bayer, Qasemabad Bayer. The company also bought the four nearby villages of Kantuyeh, Gorgonak and Gerdbad ‘Olya and Gerdbad Sofla and brought them under the authority of the town.<sup>508</sup>



**Figure 3: Sarcheshmeh Copper Town**

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506 It belonged to Mr Lajevardi.

507 It belonged to Mr Mahmood Monsef.

508 Mehdi Mohebi-Kermani, *Dastan-e Yek Shahr: Moruri bar Sheklgiri-ye Shahr-e Mes-e Sarcheshmeh ba Tahlili bar Aiandeh-ye An* [A Review on Formation of Sarcheshmeh Copper Town and Its Future] (Kerman, 1396[2017]), 18.

The town's solitary economic function isolated the residents from the surrounding communities. It prevented formation of any dynamic relationship between the town and the people outside, which enhanced the company's capability in surveillance and control of the workers, especially in times of unrest. The separation was also a barrier against the expansion of civil unrest from nearby cities. In addition, the setting enabled the company to implement its social and cultural policies more smoothly, as it would be difficult to do so if the employees and their families lived in the cities.

The appointed Iranian architect designed the town based on Anaconda's organisational structure, paying less attention to the local specifications.<sup>509</sup> The ambiance of the town was culturally dominated by a modern middle-class lifestyle which was greatly influenced by middle-class mores in European countries. That could be observed, for instance, in the plan of the houses, with a short fence around the courtyard to separate the private area from the public, predominantly with the intention of keeping the interior out of the sight of strangers. This gender-oriented design aimed to keep the women inside from the view of male strangers, a common characteristic in traditional Iranian architecture which was being upheld by the local workers and some of the technical staff at Sarcheshmeh.<sup>510</sup> The town was also segregated into two parts based on the class division of working-class and skilled staff. The designer used the natural hills as a segregation

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509 As was mentioned in introduction, the issue was also seen in the architecture and design of the city of Abadan. See Kaveh Ehsani, "The Social History of Labour in Iranian Oil Industry: The Built Environment and the Making of Industrial Working Class 1908-1941" (PhD diss., Leiden University, 2014).

510 After the revolution some people asked the company to build a wall for the houses. See "Sakhtan-e Divar baraye Khaneha-ye Sharak-e Mes Mohem Ast" [Building a Wall for Houses in Sarcheshmeh Town is Important], Tohid Magazine, 1361[1982], 41.

## A Developmental State and the Formation of a Working Class

line. That was a clever usage of the natural environment, which symbolically eradicated the division as a constructed social entity, but represented it as a naturally created phenomena in the town. The division was also applied to other facilities and services from health care to shops.



**Figure 4: A house at Sarcheshmeh Copper Town**

The town consisted of 2,398 villas of seven types - A, B, C, D, D1, E, and F - based on the Anaconda organisational structure comprising eight levels and grades, starting from the managing director at the top (See table 3). The outline was 14 type A houses for the 14 managers, with two of the houses designated type AA for directors. There were 60 type B houses for 60 senior consultants, 250 type C houses for

junior consultants, and 150 D1.<sup>511</sup> D1 was larger than D; and allocated to larger families; however, the type D was superior overall. Each house had its own heating system of Italian design, and all maintenance was to be carried out by the company at no charge. The company also supplied water and energy free of charge. The sizes of the houses varied between 75 and 250 m<sup>2</sup>. Workers were settled on the streets of Kokab, Aqaqi, Razeqi, Maryam, and Nilufar; the Iranian general staff were settled on Nargess Street and some on Nilufar Street, while the Iranian engineers lived on Yasaman Street. Foreigners were housed on Yas street.

**Table 3: Classification of Sarcheshmeh Town's Residential Units**

| <b>Type</b> | <b>Number of Unit</b> | <b>Space (m)</b> | <b>Occupation</b>             |
|-------------|-----------------------|------------------|-------------------------------|
| <b>AA</b>   | 2                     | 256              | Directors                     |
| <b>A</b>    | 12                    | 256              | Managers                      |
| <b>B</b>    | 60                    | 218              | Senior Consultants            |
| <b>C</b>    | 250                   | 144              | Junior Consultants            |
| <b>D</b>    | 550                   | 122              | Operators                     |
| <b>D1</b>   | 150                   | 150              | -                             |
| <b>D2</b>   | 349                   | 122              | -                             |
| <b>E</b>    | 625                   | 96               | Operators and Workers grade 2 |
| <b>F</b>    | 400                   | 80               | Unskilled Workers             |

Source: Mehdi Mohebi-Kermani, January 27, 2014; Anaconda-Iran Report (1973).

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511 Mehdi Mohebi-Kermani, Interviewed by Author, January 27, 2014; Anaconda-Iran, A Report on Sarcheshmeh Copper Mine project, 1973.

## A Developmental State and the Formation of a Working Class

The company also constructed 148 camps and 36 suites for single staff called “ss”. Camps had a living room, a single bedroom, and a kitchen and were usually allocated to two people. The suites were for two people as well, with foreigners being kept separate. Three buildings (A3, A4, and A5) were designated for the settlement of the “ss”. They rather resembled a hotel with corridors and rooms on each side with one-to-a-room. According to the plan, building A5 was for single staff, but it was never used as accommodation as its function changed after the 1979 Revolution. Beneath the A5 building there was a restaurant for technical staff.



**Figure 5: Sarcheshmeh Copper Town**

The company built an international school, called the American School, which was open to Iranians as well. The education system was designed with the help of Dave Zakem who operated an

international school in Princeton, New Jersey.<sup>512</sup> Each class had about ten students, with some 100 students in total and 20 subjects being taught.<sup>513</sup> It consisted of two buildings, A1 and A2, each with 32 rooms, 16 on the first floor and 16 on the second. There was also an Iranian elementary school in a type D building on Nargess Street. Nargess Street was assigned to the foreign technical staff, most of whom were American; only vehicles with the “Parsons-Jordan” (P.J.) sign were allowed access to that street.<sup>514</sup>

The town also had amenities such bars, a dance hall, cinema, sports club, and a golf course. Two bars were built in the plant area for Koreans and Americans; there was a bar at the golf “clubhouse” and one in the town. Entertainers, even famous Iranian pop stars, were invited to the town. However, the facilities were mostly used by the Iranian technical staff and foreigners. Some activities, such as watching a film in the cinema or going to the gym, were things most of the local workers did not care to do, and drinking alcohol was against their religious beliefs, so bars were of little interest to them. The locals mostly spent their spare time with their families and they might also have been involved in other activities, such as farming and animal husbandry.

The cultural atmosphere of the town did not suit some of the locals and the town bar, for instance, was one of the first places to be attacked by protesters during the 1979 unrest. However, there is no evidence of any particularly vociferous complaint about the dominant

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512 Betty Blair, “David V Zakem Last Memories,” Last Memories Website, Last modified: January 23, 2016. <http://davidzakem.last-memories.com/memories>

513 Betty Blair, “David V Zakem Last Memories,” Last Memories Website, Last modified: January 23, 2016. <http://davidzakem.last-memories.com/memories>

514 Nuhi, Interviewed by Author, November 26, 2013.

modern lifestyle at Sarcheshmeh town at the time, and indeed only one interviewee voiced any objection to the cultural and social atmosphere there.



**Figure 6: The locations of Sarcheshmeh Copper Mine (on the right side) and the Sarcheshmeh Copper Town (on the left side)**

The impact of Sarcheshmeh Copper Mine went beyond the employees, extending to the local population and their social and economic conditions. During the exploration development, the company had to occupy the surrounding land, therefore some locals left for other villages or towns, such as Pariz and Rafsanjan, but there were still villagers who had no desire to leave their land and move outside the mining zone. Their resistance pressured the company to designate a village called Gorginak, near Sarcheshmeh, for the construction of a set of new houses to relocate the local population. The houses were built in a row and each consisted of a room of 15 m<sup>2</sup>

with its own storage space. The company also provided a public bathhouse, a coffee house, medical clinic, doctor, and an ambulance.<sup>515</sup> Mr. Da'i, a graduate of agricultural engineering, was appointed to build a large garden next to the new houses. It was named the Kantuyeh Garden<sup>516</sup> and the village's name also gradually changed to Kantu. However, the relocation plan did not proceed smoothly, with some people still insisting on remaining on their land. That aroused tension between the locals and the company, leading to people being driven outside the zone by means of force. All young men over the age of 16 were given jobs by the company and it was proclaimed that all older people who could not work would be paid a monthly pension.

### **The Semi-Colonial Order and its Contested Legacy**

The large workforce, who came from various cultural backgrounds and different nationalities, produced an atmosphere which instigated a degree of dispute, conflict, and collective action. Conflicts also arose over common matters including late payment, preserving group interests, some miscommunications, intensifying work pressure, financial shortage, discrimination, and the nature of the job.<sup>517</sup> On 21 September 1974, for instance, mine workers injured some employees of Akam Company, a construction subcontractor of Sarcheshmeh Copper Town, in a volatile dispute. The clash started with a fight that broke out between two groups in the road. Many mine workers went

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<sup>515</sup> Reza Niazmand, Interviewed by Author, June 4, 2016.

<sup>516</sup> Locals call it Kantu.

<sup>517</sup> Despite contradictions between the local culture and what was imported from outside by foreigners and the Iranian middle class, such as drinking alcohol, the women's dress, and the way of relationships between men and women; it did not drive critical reactions by locals or Iranian workers at the time.

back later and attacked the Akam employees. In solidarity with fellow workers, the Akam company workers and general staff all went on strike. In support, the other subcontractors' companies also joined the strike to stand against the attackers. However, the event did not last long and the conflict was resolved through mediation by the site managers. On another occasion, there was unrest among the Koreans who protested because of a month's delay in their payments. The protesters were banging their tools on the floor of their camp at 10 pm. The company then negotiated with them and resolved the issue by promising to make the late payment in a week's time.<sup>518</sup>

The workplace conflicts were not solely determined on economic grounds, subjective issues such as nationalist sentiments also played role in triggering the clashes. In fact, the new conditions brought to the surface a concealed resentment among particular groups of employees, which generally arose between Iranians and citizens of the UK and US. The heart of the conflicts and the essence of reactions exposed that some Iranians had been over-considerate in the nature of their relationship with the Americans and British. As will be explained later, nationalist feelings appeared among Iranians from different social classes, included locals, workers, technical staff, and even the managers.

Nationalism is a vacillating concept, targeting different objectives and framed by different components. Some scholars shed light on it as prenominal phenomenon while others, such as Ernest Gellner, identify it as a social entity which emerges from a specific social and

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518 Interview with Ahmad Mohammad-Khanlu., "Talash baraye Ehya-ye Ma'dan-e Chaharsad Saleh-ye Songun" [ Effort for Reviving the 400 Years Old Mines of Songun], *Asr-e Mes Online*, Ordibehesht 1, 1395[April 20, 2016], accessed April 20, 2016, <http://asremesonline.ir/news/?Id=10304>

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political context.<sup>519</sup> The former, which represents an essentialist approach, receives less consideration in current debate, but the latter is the mainstream of contemporary ideas on nationalism. Nationalism can be examined through the three main criteria of ideological framework, social movement, or symbolic language.<sup>520</sup> In the ideological approach, nationalism pays specific attention to a nation along with its intention of improving its well-being. According to Smith, the pursuit of national well-being is divided to national autonomy, national unity, and national identity.<sup>521</sup>

Nationalism is not determined by a profound structure and is not rooted in a single source, but is a socially constructed phenomenon, considering the multiplicity of the “nation”, that is embedded in the same territory or the same group of people. In fact, one form of nationalism is not replaced by the next, but they coexist alongside each other.<sup>522</sup> These phenomena are traceable back to Iran’s contemporary past. Chief among them, is an imaginative narrative based on “the glorious period of pre-Islamic Iran which was devastated by the Arab-Islam invasion”.<sup>523</sup> That imaginative narrative soon found its way into the political structure, and was espoused by the social elites and ordinary people; gradually it transformed into a discourse on nationalism in society. It served the political apparatus

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519 Ernest Gellner, *Nations and Nationalism* (New York: Coronel University Press, 2008), 132.

520 Anthony Smith, *Nationalism: Theory, Ideology, History* (Cambridge: Polity Press, 2001), 1.

521 *Ibid.*, 9.

522 Reza Zia-Ebrahimi, *the Emergence of Iranian Nationalism: Race and the Politics of Dislocation* (New York: Columbia University Press, 2016), 4.

523 The social origins of this nationalism discourse go back to the Qajar era, in response to questioning on the causes of frequent defeats of the country in the wars against Russia. In other words, it originated from the formation of an identity of humiliation caused by the inability to face up to the superpowers. Zia-Ebrahimi criticised this nationalism discourse and called it dislocated nationalism, since it was created upon an imaginative narrative which eliminated factual history. To the contrary, he promotes the nationalism of the Constitutional Revolution as civic nationalism which framed the Iranian nation based on law without any racial or ethnic discrimination.

by shaping the national memory, so that social and ethnic differentiations were eliminated in the interests of framing a modern nation. This stabilised foundation preserved its continuity and domination, which led to it being identified as the sole representative of nationalism in Iran. It circumvented other Iranian nationalism discourses, such as civic nationalism which appeared in the Constitutional Revolution and in the nationalism of Mohammad Mosaddeq, Iran's prime minister.<sup>524</sup> However, scepticism of a single narrative of nationalism brought about an in-depth scrutiny of Iranian society, resulting in the discovery of other types of nationalism which vary in origin and aims. For instance, one type of nationalism, focusing on social and economic autonomy, emerged out of expansion of a critical view on the interference of external powers, which distorted Iran's historical pathway towards a rule of law, autonomy, and democracy.

The fact that Iran had never explicitly been colonised, despite the presence of superpowers and their frequent interference in Iran's domestic affairs, such as historical incidents including Russia's role in conquering Iran's Constitutional Movements, the allies' invasion of Iran in WWII and the orchestrated coup against Mosaddeq, made it a country that had experienced a semi-colonial condition. The latter two episodes portrayed Britain and the US as humiliating the Iranian national identity and distorting Iran's national autonomy.<sup>525</sup> The

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524 See Reza Zia-Ebrahimi, *The Emergence of Iranian Nationalism: Race and The Politics of Dislocation*, 4.

525 The issue had a longer background. For instance, more than half a century prior to exploring the Sarcheshmeh Copper Mine, in the 1890s, near Shahr-e Babk which was close to the Sarcheshmeh Copper Mine, a British mining team was exploring the area. Since their presence coincided with the Tobacco protests, a feeling of hatred against the British rose up among Iranians. Therefore, one of the British miners was attacked by the people in Kerman, then was detained. See Iraj KIA, *Moruri bar*

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allies' invasion in WWII led to a devastating five years of Iranian occupation, despite Iran having declared itself a neutral country. Chapter two partially outlined Iran's distressing circumstances as a result of the allies' invasion. The next incident referred to is the coup in 1953, orchestrated by the US and Britain, against Iran's prime minister, Mohammad Mosaddeq. The coup brought the Shah back to power, and started a long suppressive governance against political activities and social movements (chapters two and three). Those specificities were based on a particular relationship between the dominant foreign power and the host, which shaped a semi-colonial order and differs from what is identified as a colonial condition.

On the world stage, Iran's post-coup situation coincided with the down fall of colonialism and the emergence of autonomous nations across the global south. That rendered less developed countries willing to leave behind dependency and rebuild a self-governing and independent nation. Consequently, the global south pulled away from the colonial period and turned to a post-colonial era, creating a space where the colonised citizens could revisit their past and reconstruct their relationship with the former colonisers. This impressed the people of semi-colonial countries such as Iran, instigating a reinterpretation of their contemporary past based on the new order. Therefore, their focus was particularly drawn to Britain and the US, making them redefine the two powers' substantial role in their national destiny, which led to the formation of a post-semi-colonial

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Tarikhche-ye Mokhtasar-e Ma'aden-e Iran [A Brief Review on History of Mining in Iran] (Tehran: Negin, 1374[1995]), 75.

order.<sup>526</sup> As a result, the presence of US and British citizens in Iran, including in the work environment, could be perceived as against the Iranian's social and political autonomy, which sometimes triggered nationalist feelings among the population.<sup>527</sup> In fact, it shaped a kind of nationalism aimed at preserving Iran's self-dignity and economic and political autonomy against the US and Britain.

In the Sarcheshmeh Copper Mine, along with the arrival of British staff at KCI, nationalist sentiments arose among the Iranian workers and locals. In an incident concerning a triumphal arch, which was constructed by the locals at the entrance gate of the camp to honour the start of the exploration operation, the company later needed to demolish it in the interests of exploration development, whereupon the headman's sons stirred up the community's nationalist sentiments. A mob of locals, included local workers, headed towards the arch to ban the mining development and protest against the British for what they claimed was "humiliation of our nationality by the British".<sup>528</sup> To settle the unrest, the British contingent did not appear initially, instead a senior Iranian staff member met the protesters and clarified the reasoning behind destruction of the arch. He then stated that the expansion of exploration and demolition of the arch had been ordered by an Iranian manager, not British. The statement had a reasonable impact, but did not entirely rectify the issue. The company then looked for other means of resolution, and ultimately approached the

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526 These nationalist sentiments radically emerged in the 1979 Revolution, leading to raiding the US embassy in Tehran and the Iran Hostage Crisis. That caused a stand-off diplomatic relationship between Iran and the US. The aftermath of the revolution also caused a fluctuating relationship with the UK.

527 Contrary to the common type of nationalism in the Middle East which is politico-religious nationalism, my observation in Sarcheshmeh Copper Mine rarely found religious origins in nationalist feelings against foreigners. See Umut Ozkirimli, *Theories of Nationalism: A critic Introduction* (New York: Palgrave, 2000), 45.

528 Hassanpur, Interviewed by Author, December 19, 2013.

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protesters through the magic of cinema. They set up two movie screens and invited the protesters to watch. The first film was an Iranian one, titled *Dallahu*,<sup>529</sup> whose joyful scenes of singing and dancing generated good cheer among the workers. Then, the British placed them in a contradictory position, by screening a documentary film on WWII, consisting of horrendous scenes of injuries and killing, along with destroyed cities. After the film screening, the British asked the protesters to select their route. One way could be similar to the devastating experience of Britain in WWII, and the other could lead to peace and happiness - as created by the *Dallahu* film. A British spokesperson stated that they were there to draw the community towards wealth and joy which was unachievable without the locals' cooperation. That crafty British move resulted in the unrests settling down and led to acceptance of the demolition of the arch without violent clashes.<sup>530</sup>

It must be noted that nationalist tendencies were not a deliberate standpoint of the workers, but were also observed among the Iranian technical staff and managers. In his grievance to the mine manager, the head of electricity and mechanics complained that non-specialist foreigners supervised his job which was disrespectful to the position as well as to his national identity. Then, he explicitly stated that he was being treated in a colonialist way. The grievance concluded with the argument that if the British were interested in working in Iran, they must change their ways and adjust to Iranian culture; otherwise

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529 *Dallahu*, a film by Syamak Yasami, produced in 1965.

530 Selection Trust Archives, The Field Operation at Sarcheshmeh 1967-1970, 7; Hassanpur, Interviewed by Author, December 19, 2013.

they would be on a path to adversity.<sup>531</sup> A grievance note with the same content was also sent to the Royal Investigation Office.

Some incidents were bound up with nationalist feelings among Iranian managers including the managing director, Reza Niazmand, which were expressed in the form of a special concern for the Iranian employees, particularly the local workers, when a conflict occurred with a foreigner. For instance, a dispute between a British supervisor and a local worker, Ali Amiri, culminated with the supervisor firing Amiri and telling him that he would never find a job anywhere else. In response, Amiri said “this is my country; you’ll have to go back to London one day”.<sup>532</sup> The following day, when an Iranian manager was informed of this exchange, he stood up for the local worker and stated: “the Shah insisted that we must pay the locals and landowners. They must be comfortable. Now they are doing the hardest work in the company, and you want to sack them?!” Whereupon Amiri was sent back to work with the blessing of the Iranian manager.

In some cases, conflict flared; an Iranian employee feeling he was being bullied by an American manager might physically challenge the manager to his face. One of the Iranian staff from the financial department had a dispute with his American manager. The conflict quickly heated up and the American manager said “shut up”; whereupon the Iranian slapped his face. The incident was referred to a higher position where an Iranian manager had to take action on the incident. The verdict was expected to be against the Iranian staff which could lead to him being dismissed. However, the outcome was unpredicted, and surprisingly the American supervisor was censured.

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531 National Library and Archives of Iran, Kerman.

532 Ali Amiri, Interviewed by Author, December 16, 2013.

That followed a meeting between the Iranian manager and the Iranian staff in which the manager asked him to make an official complaint against the American. The manager insisted, “do not withdraw your complaint until the American comes to you and makes an apology in front your colleagues”. He added, “How dare an American swear at an Iranian in our country”. In the end, the manager said, “I am always on your side.”<sup>533</sup> Thereafter, the Iranian manager’s requirement was fulfilled and the American apologised to the Iranian in front of the others.

In another incident, the second managing director of the NICICO, Taqi Tavkoli, dismissed some American employees due to their poor work performance, which was not a common occurrence at the time. In an interview, Tavakoli described the issue in following words:

“I was not anti-Americans, but the company needed an efficient workforce. Therefore, I asked them all to collect their stuff and go back home. I simply dismissed them all. However, I did not report to the Shah until a proper time, since I guessed it could raise some questions. In a meeting later, I reported the issue to the Shah and explained that, they were paid high salary, 2000 US dollars monthly, but they had little productivity. We can replace them with experts for 800-900 US dollars from the recently closed copper mines at Zaire and Zambia.”<sup>534</sup>

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<sup>533</sup> This happened to Farhad Mehrara and I heard from him years ago.

<sup>534</sup> Taqi Tavakoli, “Sarcheshmeh ra Sakhtim ba Hashem-e Gholha” [We Constructed Sarcheshmeh with Hashem Gholha], Mes Magazine, no. 53, Dey 1392[January 2014], 50.

Tavakoli also inspired young Iranians to develop their skills based on the company's plan to gradually replace the Americans with them.<sup>535</sup>

Once he stated:

“Since the soil and the mine belong to Iran, the foreign experts had to train the Iranians as well. Therefore, I ordered all American engineers to be accompanied by an Iranian engineer. I also authorised them to sign the decision making along with the American engineer. That promoted the personality of the Iranian young.”<sup>536</sup>

Tavakoli's consideration was also displayed on another occasion, as an Iranian engineer was qualified to be appointed as head of surveying. The position used to be occupied by an American engineer, Jim Rot. When Rot decided to return to the US, he introduced Ahmadinejad as an Iranian engineer qualified for the position, which was a huge promotion for an Iranian in Sarcheshmeh Copper Mine. Tavakoli not only accepted his promotion, but increased his wages to the level of an American engineer, 2100 US dollars, which was a high salary for an Iranian at the time and an inspiration to other Iranian employees.

As was previously indicated, appointment of the foreign workforce was not restricted to Britain and the US, the company also recruited from Pakistan for office tasks and secretarial positions. The reason for this was the presence of foreign managers in Sarcheshmeh Copper Mine; therefore, a sufficient knowledge of English and adequate experience in office skills became essential requirements for a secretarial post. Since most Iranian applicants were less qualified in

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535 Ahmad Ahmadinejad, “Yek ‘Omr ba Ma’dan VA Karkhaneh” [A Lifetime in the Mine and Plant], Interviewed by Amir Karimi, *Asr-e Mes*, no 66, Esfand 1393[March 2015], 174.

536 Ibid., 50.

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the English language requisite, the company hired office staff from Pakistan through an international recruitment agency. The choice of Pakistan originated in the long presence of Britain in Pakistan during the period of colonialism. That imbued the host society with the coloniser's work culture, as a considerable number of Pakistani workers inevitably worked in British companies. Subsequently, it generated a profusion of Pakistani workers skilled for different occupations, based on their lengthy experience within British work principles. Their close relation with the British also enhanced the Pakistanis' English language ability which facilitated their communication with foreigners. The other significant parameter was that the Pakistani workforce was cheap labour from a neighbouring country.<sup>537</sup>

The Pakistanis' performance in office tasks initially received good feedback from the Iranian side, however their presence after a while merged with the dominant semi-colonial conditions in Iran, leading to the provocation of nationalist sentiments. The issue arose from the ways in which Pakistani secretaries treated their managers, who were mostly British or American, by not working wholly within a professional framework, but occasionally fulfilling some extra tasks for their bosses, such as polishing their shoes, even though the boss had not made such a request. The Pakistanis also addressed their British managers as "Sahib" which means 'owner' in Persian and means 'master' in English.<sup>538</sup> These issues were of concern to Iranian

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537 There were Indian and Bangladeshi secretaries, but they mostly came from Pakistan.

538 It must be noted that epithet had been used to the British in the early decades of the establishment of the oil industry in Iran, as well. See Jalil Mahmudi, Naser Sa'idi, *Shoq-e Yek Khiz-e Boland: Nokhostin Etehadyeha-ye Kargari dar Iran 1285-1320* [Towards a Subtle Rise: The First Labour Unions in Iran 1906-1941] (Tehran: Nashr-e Qatreh, 1381[2002]), 69-70. However, there is no evidence to prove that

managers including Reza Niazmand, as it was reported that some Iranian workers were beginning to imitate the Pakistani's patterns, aiming to hold their boss's attention in contention with their fellow Pakistanis.

That behaviour did not perhaps generate sentiments in a cultural background that had been shaped under long-term colonisation, but it could create ill-feeling and conflict in a country within a semi-colonial context. The conduct was embedded in people who had lived under colonialism for a long time, which had shaped a specific type of relationship between coloniser and colonised which could even be manifested in a third country after Pakistan's independence, as had occurred at Sarcheshmeh Copper Mine. In fact, it was the embodiment of a colonial legacy which was converted to a social habitus. As it was upheld differently under the semi-colonial condition, where the host was not fully absorbed in the relationship with the "coloniser", there was a distance between them. In other words, the host had not wholly digested the domination, even though it had been implicitly dominated, which partly originated from Britain's long-term presence in Iran. That framed a relationship with the "coloniser", leading to the creation of contradictory reactions among Iranians, as was seen at the mine. While, Iranians were opinionated about the British, they could also come to terms with their past if current circumstances could fulfil their interests.

The appearance of a colonial legacy in a semi-colonial country ultimately sparked the nationalist sentiments of the Iranian manager, since some Iranians were copying that behaviour. Therefore, Reza

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"Sahib" was ever applied to other foreigners in other industries. Therefore, it seems that "Sahib" came into use only because of the presence of the British.

Niazmand decided to send all Pakistanis back home, as he was concerned their presence would establish the same type of behaviour among the Iranians at Sarcheshmeh Copper Mine.<sup>539</sup> It was also a warning to the Iranian workers to follow the work discipline, otherwise the company could take disciplinary action against them.

### **Working Class and the 1979 Revolution**

During the unrest leading to the Iranian Revolution in 1979, the different social classes disported their aggression against the Pahlavi monarchy on the streets of major cities. It was then expected that the workers would participate in street protests along with the other social classes. However, that assumption did not entirely come to fruition as the industrial workers focused mainly on their union claims rather than political demands. That lack of eagerness in supporting political demands continued until the final stage of the Revolution, from October 1978 onwards, when the state lost political stability.<sup>540</sup> In fact, the industrial workers did not notably support the revolutionaries until the autumn of 1978 when the revolutionary spirit spread across the country and the state was confronted by a unified movement consisting of people from different social classes and social strata including industrial workers.<sup>541</sup>

While a radical movement spread across most of the country, the Sarcheshmeh Copper Mine remained peaceful and there was no major disruption in the workplace. Some employees, mostly among the

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539 Reza Niazmand, Interviewed by Author, January 11, 2015.

540 Ahmad Ashraf, "Kalbodshekafi-ye yek Enqelab: Naqsh-e Kargaran-e Sana'ti dar Enqelab-e 57" [Autopsy a Revolution: The Role of Industrial Workers in the 1979 Revolution], *Iran Nameh* 26, no. 3-4 (2011): 4-53.

541 Ibid.

skilled staff, engaged in minor activities, but the scale was not comparable with other large industrial enterprises. The dominant non-political mode at Sarcheshmeh Copper Mine continued until autumn 1979 when the waves of revolution finally reached there. However, the employees, including workers and skilled staff, responded dissimilarly to the movement. While the technical staff mostly joined the revolution through protesting and striking to voice their political demands, the workers evinced little interest in standing against the state. The workers were not always just bystanders, as they displayed their indisposition towards the revolution through different means, including disrupting a technical staff strike. Their will to preserve the status quo originated mainly from their improving economic circumstances that had resulted from the company's welfare policy which was partly influenced by the state's developed social welfare policy towards the workers, aimed at transforming the class struggle into a form of class compromise. Erik Olin Wright divides class compromise into two types – positive class compromise and negative class compromise – to develop his argument on how to advance anti-capitalism.<sup>542</sup> Before elaborating on Wright's argument, it needs to be mentioned that contrary to the domination of a negative approach to class compromise in Marxist literature, Wright deploys it as a feature of class struggle which can play a constructive role in drawing the transitional course less harmfully. He initially promulgated four strategies which can be applied against capitalism: smashing, taming, escaping and eroding capitalism. Among them Wright focuses on taming capitalism as a wise strategy in the early stages of anti-

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<sup>542</sup> Erik Olin Wright, "Class Struggle and Class Compromise in the Era of Stagnation," *Transform*, no. 11 (2012): 24-25.

capitalism, in which class struggle can be converted to class compromise, leading to a decrease in capitalism damage.<sup>543</sup> The mechanism of conversion originates from the enhanced stature of the workers in their struggle against capitalism based on the two sources of working-class power: structural power and associational power. The former is built upon the status of the workers in a tight labour market as well as the location of a particular group of workers in an industrial sector; and the latter represents the institutional power of workers created by the labour unions and workers' councils. Wright states that the institutional power of workers lays the ground to convert the class struggle into a positive class compromise in which both sides of the conflict can benefit from the existing conditions. In other words, the struggle is drawn to a win-win game in which one side's success does not cause the other side's loss. That specification can generate a sustained relationship. Conversely, a negative class compromise, which mainly derives from the scarcity of organisational power among the working class, leads to a zero-sum game between the capitalists and working class, where one side's win results in the other side's loss. Wright criticises the negative class compromise as it cannot reasonably secure the interests of both sides, therefore it forms a fragile relationship between capitalist and worker.

As was stated, there was no dynamic political atmosphere at Sarcheshmeh Copper Mine and the uprisings started much later than protests across the rest of the country.<sup>544</sup> The Islamists as well as leftists had some minor skirmishes, but the vast majority of the

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543 Erik Olin Wright, "Why Class Matters," *Jacobin*, December 23, 2015, <https://www.jacobinmag.com/2015/12/socialism-marxism-democracy-inequality-erik-olin-wright/>

544 Abdollahi, "Neshast-e Khatereh" [Sharing Memories Meeting], *Esteqamat-e Kerman Weekly Supplement*, no 516, Bahman 17, 1394 [February 6, 2016], 7.

employees, workers and technical staff, were involved in their daily work and only on rare occasions were political leaflets seen in the workplace. Apart from a number of short strikes, there was no significant collective action. The intelligence service (SAVAK) maintained a minimum presence at the mine in comparison with others state-owned heavy industries, because according to the statute the company was not operating under state regulations, as Reza Niazmand pointed out.<sup>545</sup>

The transformation of labour relations and conducting a paternalist welfare policy and mode of management at the Sarcheshmeh Copper Mine significantly improved the living conditions of the vast majority of workers who originally came from the countryside, through offering a permanent employment contract with a sufficient wage, compared with their deprived economic past. Therefore, their new status increased the workers' consent, leading to a particular class relation which eliminated the existing structural conflict between the state and the workers. That was largely revealed during the continuous uprising across the country in 1978, ending in the 1979 Revolution, as the workers participated little in the protests. The few activities were mainly amongst the staff who represented a modern, educated middle class. The discrepancy of political orientation between workers and general staff emerged during the days of revolution, as the workers from a rural background evinced less revolutionary interest compared with the technical staff. In fact, the

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<sup>545</sup> Reza Niazmand, Interviewed by Author, January 11, 2015. That does not mean that SAVAK had no control over the employees. For instance, in one case early in 1976, when the Shah arranged an official visit of Sarcheshmeh Copper Mine, the SAVAK required workers who had a politically active background to stay a distance of 8km from the site. Hushmand, Interviewed by Author, March 8, 2016.

protests were started by the technical staff.<sup>546</sup> In an incident during a strike which was held by the general staff, a group of workers attacked them, shouting “you intend to make us wretched. You make us poor.”<sup>547</sup> That was one of the class-orientated moves from the workers’ side which was in line with their class interests. Their support had profoundly economic roots which were combined with their poor financial background. Their action can be determined in the framework of a class compromise which occurred between the state and the worker. However, the structure of class compromise at the Sarcheshmeh Copper Mine was not governed by what Wright described as positive class compromise. Positive class compromise is rooted in the enhanced organisational power of the working class, while the structure of power relations, which was inherent in the weak organisational power of the working-class including workers at Sarcheshmeh Copper Mine, led to formation of a negative class compromise. That basically reduced the weight of the workers to negotiate for their demands. What cultivated the labour conditions partly developed from the structural power of the workers which grew from rapid industrialisation and the labour shortage in Iran. Therefore, the wealthy companies offered a more enhanced welfare policy and sufficient wages to attract their labour force. It also grew from the structure of the Iranian developmental state which applied a paternalist manner in managing social welfare, which improved the living and working conditions of the workers at the mine, who mostly

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546 Reza Khaki, *Rozha-ye Enqelab dar Sarcheshmeh Cheguneh Gozasht* [What Happened in Sarcheshmeh during the Days of Revolution], Interviewed by Amir Karmi, *Asr-e Mes Online*, Bahman 14, 1394 [February 3, 2016], <http://asremesonline.ir/news/?Id=10190>

547 Habil Davari, “Neshast-e Khaterch” [Sharing Memories Meeting], *Esteqamat-e Kerman Weekly Supplement*, no. 516, Bahman 17, 1394 [February 6, 2016], 7.

came from a poor rural background. These interrelated elements contributed to the formation of a reluctant revolutionary working class at Sarcheshmeh Copper Mine whose specifications were displayed in the historical moments of the 1979 Revolution.

The main strike initiative at Sarcheshmeh Copper Mine was carried out in November 1978. The expatriate employees including Americans received anonymous leaflets inciting them to go home.<sup>548</sup> Later, in the autumn of 1978, an American, Martin, was killed in Kerman.<sup>549</sup> News of the murder spread fear amongst the foreigners, especially the Americans and British. Anti-American slogans such as “Yankee Go Home” were written on walls in the town and at the mine site.<sup>550</sup> The mine and town were disordered and the dominant atmosphere was against the foreigners. The managing director, Mehdi Zarghamee, recognised that the conditions were unsafe and out-of-control. He then ordered all foreigners to evacuate the site and return to their home base.<sup>551</sup> Emergency action was promptly taken, and the mine and town were quickly evacuated in silence by all foreigners. They left the town with messages on the walls saying “We’ll be

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548 William Branigin, “Iranian Protest Ousts US Workers,” *Washington Post*, November 14, 1978, [https://www.washingtonpost.com/archive/politics/1978/11/14/iranian-protest-ousts-us-workers/Off0b79a-51a6-4206-be93-86848dcee18b/?utm\\_term=.983353fb0574](https://www.washingtonpost.com/archive/politics/1978/11/14/iranian-protest-ousts-us-workers/Off0b79a-51a6-4206-be93-86848dcee18b/?utm_term=.983353fb0574)

549 There are different stories about Martin’s identity and his duty at Sarcheshmeh Copper Mine. Hmaid Iranmanesh stated that Martin was killed at his home. Later, he was identified as the colonel of CIA. See Hamid Iranmanesh, “Neshast-e Khaatereh” [Sharing Memories Meeting], *Esteqamat-e Kerman Weekly Supplement*, no. 471, Bahman 19, 1393 [February 8, 2015], 6; In another claim Martin was introduced as an American colonel who was head of Parsons –Jordan Company, the contractor company at Sarcheshmeh Copper Mine. See Gholamreza Karbaschi, *Roz Shomar-e Ravabet-e Iran va America* [The Daily of Iran-US Relationships], *Yad* 51-52 (Autumn and Winter 1377 [1998]), 215; Ayatollahi-Musavi delivered a different claim that, in his visit to Martin’s office, he found blood and then realised that Martin was killed. See Akbar Ayatollahi-Musavi, “Mes-e Sarcheshmeh Qabl AZ Jang-e Jahani-ye Avval Kashf Shodeh bud” [Sarcheshmeh Copper Mine was Discovered before WWI], *Asr-e Mes Online*, Tir 4, 1395 [June 23, 2016], <http://asremesonline.ir/news/?Id=10396>. However, the managing director of the company, Mehdi Zarghamia stated that he personally investigated and understood that Martin was an American military veteran who had been working for the US recruitment company in Sarcheshmeh Copper Mine. In Mehdi Zarghamee, Interviewed by Author, November 3, 2016.

550 Mehdi Zarghamee, Interviewed by Author, November 3, 2016

551 Mehdi Zarghamee, Interviewed by Author, November 3, 2016.

Back,”<sup>552</sup> which seemed to be a response to the “Yankee Go Home” slogans. Many possessions and even pets were left behind. Four buses were hired to send the foreigners to Bandar Abbas Airport where they boarded an aircraft chartered to take them to Bahrain, from where everyone headed to their chosen destination, the vast majority of course going back to the United States.

### **Conclusion**

This chapter examined the formation of the working class during the establishment of the Sarcheshmeh Copper Mine from the early stages of exploration in 1966 until the revolution in 1979, when the mine had been prepared for operation. That specific period was divided into three junctures based on ownership and mode of management. The mine brought significant changes to the area and reshaped the social order and economic conditions through different means, including employment of a vast number of locals who had grown up in a natural rhythm and agrarian society. The new conditions engaged the workers with modern industrial discipline and the labour wage system. It also significantly impacted on living conditions through raising income and improving public facilities. However, each stage was constructed on the company’s view towards industrial relations and welfare policy and was imbued with specific characteristics regarding its method of management of the labour force. While the private sector tends to preserve the traditional mode of labour relations, this was transformed with the entrance of the state into the project and nationalisation of Sarcheshmeh Copper Mine. The state-owned company ran a

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552 Mehdi Mohebi-Kermani, Interviewed by Author, January 27, 2014.

developed welfare policy, targeting the workforce across Iran as well as outside. The policy also had a political origin based on the state's strategy to improve the wellbeing of workers, with the aim of reducing the possibility of class conflict. The state's concern came from the expansion of socialism and the emergence of the Soviet bloc whose influence spread across western European countries and their allies. Therefore, the Iranian state was motivated by the advent of the welfare-state in Western Europe after WWII. It formulated its policy in response to economic growth arising mainly from the swift escalation of oil income which provided an opportunity to develop a welfare policy to benefit the working class.

The first stage, determined by the structural view of Iranian mining entrepreneurs, was a traditional approach towards the labour force. Despite a modern labour law being passed to support workers' rights, the private employers did not fully commit to it. That was partially facilitated by the traditional labour relations of landlord-tenant which breached legislation and undermined the rule of law for the sake of preserving the employer's authority, as well as reducing company costs. However, it led to a malfunctioning of the labour reproduction system, outlined as a semi-peasant/semi-worker model rather than a worker.

The presence of Selection Trust transformed the welfare conditions, focusing on modernising the industrial relations. However, nationalisation of the mine turned it to a new stage, as the company implemented a developed paternalism, leading to a transformation in the quality of industrial relations and welfare policy at Sarcheshmeh Copper Mine.

## Chapter Four

The scarcity of skilled workers, experts and technicians necessitated the government importing a workforce from outside. The foreigners, especially Americans and Europeans, occupied the key positions at Sarcheshmeh Copper Mine. However, in contradiction to claims that the company had no concern about its dependency on an outside workforce, they introduced a plan to gradually replace the foreigners with Iranians. It also revealed, beyond the organisational plan, that the reaction of the Iranians, including managers and workers, to foreign staff sometimes arose from a nationalist sentiment which was originated from Iran's semi-colonial order.

To sum up, it was the introduction of a developed paternalist programme consisting of modern principles, good wages, and advanced social services including housing, a health care system, food, facilities and amenities in the town along with advanced training and education, that led to the emergence of a working class which evinced little interest in joining the protests in the 1979 Revolution. Therefore, it is suggested that the Iranian developmental state was based on oil as well as a paternalist mode of governance, titled 'petro-paternalist developmental state', which founded an advanced copper industry and established Sarcheshmeh Copper Mine. This was also achieved through the contribution of a newly formed working class in the Iranian copper industry which can be characterised as a reluctant revolutionary working class which formed in relation with the petro-paternalist developmental state.

## Conclusion

### **Petro-Paternalist Developmental State and the Formation of a Reluctant Revolutionary Working Class**

This thesis departed from a questioning of economic phenomena, leading to the shaping of political agents via focusing in social phenomena. It particularly identified the tightly-knit relationship between state, mining industry, and society, reflecting particularly on the two major themes of copper mining expansion and social progression during the two rapid-transforming decades of the 1960s and 70s in Iran, introduced by a series of top-down reforms, called the White Revolution, in the early 1960s. This came to an end with the Revolution, which led to the overthrow of the Pahlavi monarchy in 1979.

Contrary to the reductionist view of “idea”, “discourse”, or “programme” regarding industrialisation and social development in Iran, this thesis contributed to the history of mining development in the Pahlavi era by displaying the complexity of social and mining expansion, identifying significant agents and their interrelations within the structural formation of the copper industry in Iran. It then deconstructed the involvement of so-called “influential forces”, including the state, which laid the ground to examine the agents including technocrats, local entrepreneurs, and workers and highlight their involvement within a particular political and economic structure. It then aimed to highlight the significance of the structure of mine ownership and the presence of the state in transforming the social policy, industrial relations, and mode of management in the

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Sarcheshmeh Copper Mine. These factors were instrumental in the formation of a working class, which was inspired by two sources of working-class power – structural power and associational power – as well as a multi-level process, including structure, ways of life, dispositions, and collective action. This study then contributed to the local history of Iran's 1979 Revolution to indicate the role of the workers' background and the company's welfare policy in the workers' response to the political unrest during the 1979 Revolution. Finally, this research contributed to the global history of copper as it particularly narrated the downfall of the world copper industry giants including Selection Trust and Anaconda, who appeared in the Sarcheshmeh Copper Mine project with less authority in comparison with their previous involvement in copper mining projects in Africa and Latin America.

This study attempted to investigate the following questions: How did the state and its related forces, including the technocrats, conduct industrialisation and social policy in the Iranian copper mining industry, particularly in the Sarcheshmeh Copper Mine? The next question then focused on middle forces, mainly the local mining entrepreneurs, and asked how they dealt with the state, locals, and workers. Finally, it shifted to the society and questioned what was the social echo and workers' political response towards mining development and the labour policy in the Sarcheshmeh Copper Mine and why that occurred.

From the methodological standpoint, this study relied on both diachronic and synchronic methods, as it examined an event at a particular time as well as investigating its roots in the past. Therefore,

based on the diachronic method, answering the above questions required examination of the origins of the influential agents and significant institutes, and pursuing their structural formation. Consequently, this study went back to the mid-1920s and 1930s in Reza Shah's era when his modernisation project along with the economic structure and political components gradually led towards domination of interventionism in Iran's economy, particularly in the Iranian mining industry. That was discussed in chapter two to disclose that how the scarcity of the principal requirements for mining activities in Iran including a weak national bourgeoisie, fragile political stability, water shortage, poor transportation infrastructure, and inadequate roads shaped mining activities as a less attractive field of business for the local entrepreneurs. That paved the way for the initiation of interventionism in mining expansion. To that aim, the state ran educational programmes to train mining experts and mining industry strategists as well as establishing relevant institutes to articulate law and regulations. The consequence was the emergence of a knowledgeable body of industrial and mining experts as well as influential institutional structures.

Decades later, in the 1960s and 70s that interventionism was progressed into a developmental state which emerged out of well-combined key elements including a capable group of technocrat and an elite state bureaucracy, efficient pilot organisations, excellence in the market to match methods of interventionism, and a stable political system, leading to the structuring an advanced copper mining industry in both industrial and social aspects.

## Conclusion

The Iranian developmental state consisted of the state's reliance on growing oil revenue and a paternalist mode of governance implementing paternalist social policy. The paternalism in social policy emerged along with the elevation of social phenomena and it became a convincing means of labour control. The global rise of socialist movements pressured major countries on the capitalist front, including Iran, to attempt to introduce a paternalist social policy regarding the working class in order to halt the influence of socialism. The rise of Iran's oil revenue in the late 1960s and 1970s also boosted the state's assurance to develop interventionism to accelerate socio-economic growth. It financially empowered the state and it generated more space for the state technocrats to design and implement mega-projects and advanced developmental plans.

The indicated agents were performed in isolation, but were inspired by global social and political conditions. The momentum of mining reform in the Reza Shah period was interrupted by five years of the Allies' occupation of Iran during WWII and their imposed political power shift. Major foreign interference was not restricted to WWII, as it had also occurred in WWI, as well as in 1953 when the US and Britain orchestrated a coup against Prime Minister Mohammad Mosaddeq. The 1953 coup arose from the nationalisation of the Iranian oil industry, led by Mosaddeq, to sever Britain's control over Iran's oil, which led Iran, as the second country in the world after Mexico, to affirm its autonomy through nationalisation of natural resources. However, this national achievement did not last long, and in the aftermath of the coup Iran proceeded to denationalise its oil industry. It also brought in a reign of terror which vanquished the

fairly liberated political atmosphere which had evolved during the early years of Mohammad Reza Shah's reign. The workers' activities were then strictly suppressed and the labour unions were banned.

The accumulated foreign interventions played a key part in creating a humiliated national identity among Iranians which gradually emerged during the 1960s and 70s. It should be noted that the foreign intervention should not be construed in a colonialist structure, but rather it created a semi-colonial order under which the country faced frequent critical intrusion from foreign powers over a long period, instead of direct colonisation and governance of the country.

The trend towards ending colonialism and the rise of an independence movement across the global south in the mid-twentieth century, as well as the domestic economic growth which resulted from Iran's development strategy and the sizeable rise in oil revenue in the 1960s and 1970s, also fuelled the Iranian anti-colonial discourse. Those specifications then formed the kernel of Iran's sentiment over its national identity, which was partially shaped by confronting the foreign powers, particularly the US and Britain. Such national expression was structurally disparate to that of a people's identity shaped in relation to a foreign power in a colonised country. These undercurrents from social and economic programmes inspired Iranians in the workplace, including the Sarcheshmeh Copper Mine, who were in contact with foreign employees, mainly citizens of the US and Britain. This did not mean the naissance of hatred by Iranians towards foreigners, but it indicates the appearance of some sensitivities over the presence of British and American nationals in the workplace: an issue which sometimes shaped the Iranian

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managers' approach as well as the workers in Sarcheshmeh Copper Mine.

The 1960s was a decade of great transformation in Iran. The historical forces coalesced and found the prescience to proceed with a fundamental transformation of society. Newly-emerged technocrats designed a land reform to change land ownership in Iran's countryside, where more than two-thirds of the population lived. The programme destroyed the landlord-tenant system, replacing it with a capitalist mode of production. It also generated a surplus agrarian workforce in the countryside which moved to the industrial sector, shaping a new order of industrial working class.

In the meantime, a shift in international power relations and the rise of the Cold War enhanced Iran's regional status. Domestic affairs were also in a stable state: political opposition and internal unrest would rarely be a significant threat to the prevailing political order until 1978. Hence, the country experienced one of its most politically stable periods since the early twentieth century. That paved the way to implement a developmentally-oriented approach to focus on economic and social progression, leading to the emergence of a specific type of developmental state which consisted of an assortment of specifications including political stability, relatively autonomous institutions with equitable performance, conversant technocrats committed to the national interest, a development-oriented state, and the growth of oil revenue, which all significantly contributed to the realisation of an advanced copper industry in Iran. Those components then forged a specific developmental state, a 'Petro-paternalist

developmental state', reliant on oil income, and which also implemented a paternalist welfare policy and mode of governance.

### **The State and Local Mining Entrepreneurs**

The Iranian mining entrepreneurs, the Rezai brothers, were among a group of industrial and mining entrepreneurs with a trading background. This group of entrepreneurs gradually emerged out of the state incentive industrial policy and the distinctive social and economic conditions during the Pahlavi era. The increasing oil revenue enabled the state to allocate sufficient credit for well-known entrepreneurs to develop their businesses in the 1960s and 70s. Also, high inflation led to enormous profits from the trading of land, which enabled large real estate holders to accumulate capital. Moreover, the import substitution policy put in place to support the development of domestic goods, for instance by offering loans at low interest, persuaded a number of the Iranian merchant bourgeoisie and traditional landowning families to change the field of their business to mining and industry. However, the structural weakness of Iranian mining entrepreneurs, including the Rezai brothers, led them to avoid sole involvement in the large-scale mining project of Sarcheshmeh Copper Mine. Therefore, in partnership with a British mining company, Selection Trust, they established KMC to take the project forward. The KMC did not succeed in securing a loan to from foreign financial institutes take the project forward. The state also rejected the KMC's request either to join the project or facilitate financial provision by the Iranian banks. Two specialist banks usually provided the finance, the Bank-e E'tebarat-e Dowlat (Bank of State Credits), a

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state-owned bank, and the private Bank-e Tose'eh-ye San'ati va Ma'dani (Bank of Mining and Industrial Development) which played a significant role in supporting industrial and mining investments. However, since the state injected a vast amount of capital into the industrial banks from the sale of oil, the state could then control both the industrial structure and trends in private investment. It then enabled the state to design a kind of industrial strategy which prohibited the private sector from being involved in heavy industries and strategic commodities including the Sarcheshmeh Copper Mine. Ultimately, in an exchange between the state and the KMC, the mine was transferred to a state-owned company, SCMCK, and the Sarcheshmeh Copper Mine was nationalised. In return, based on the advice of the Shah's consultants, the Shah agreed to make a deal in favour of the Rezai brothers, with the aim of incentivising their industrial and mining entrepreneurial inclinations.

Despite some claims linking the nationalisation of Iranian industries to the authoritarian structure of the political system and its willingness to dominate the economy, this study shows that firstly, the private sector was unable to succeed in developing the Sarcheshmeh Copper Mine project on its own; and secondly that the Shah respected the private ownership and nationalisation of Sarcheshmeh Copper Mine was lawfully undertaken based on Iran's industrialisation strategy. However, the state's control of the allocation of oil revenues facilitated the design of that particular strategy and implementing it.

### **The Shah, Technocrats, and Matters of National Interest**

Despite the significance of the industrial strategy in structuring the national industry of developing countries less dependent to the industrialised countries, it was inspired by subjective components in conducting that particular industrial and mining strategy. One of the crucial parameters is the level of the agent's commitment to the national interest of succeeding in the establishment of national industries. A factor which played a key role in the establishment of Sarcheshmeh Copper Mine, chapters three and four, originated from the awareness of the Shah and his technocrats about the mechanism of dependency in the economic relationship between peripheral countries and core countries.

The significance of the matter also appeared in the appointment Reza Niazmand, a knowledgeable technocrat committed to the national interest, as the managing director and chief executive officer of the company. Niazmand was among a powerful body of experts, which emerged from Reza Shah's educational programmes, who were inspired to design and implement a pathway of development. They contributed to social and economic progression through different means, including founding institutes such as the Industrial Development & Renovation Organisation of Iran [IDRO] and the Budget and Plan Organisation. These became a platform to connect well-educated Iranians and foreign experts to determine future social and economic horizons.

The Budget and Plan Organisation was a state planning organisation with a fair degree of autonomy within the social groups. It presented and coordinated five developmental plans and became one of the

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leading institutes in industrial and mining expansion, as well as social development. Its constructive input originated partly from a relatively autonomous organisational structure which tended to form developmental programmes based on national interests, and derived also from its well-educated human resources and body of experts who had mostly graduated from leading academic institutions in Europe and North America.

Niazmand was conscious of some malfunctions between the main organisations in running the national projects, therefore, to increase the pace of project development, he asked the Shah for extra support by ordering the Budget and Plan Organisation to allocate the budgets on time and enhance their collaboration.

Nationalisation of Sarcheshmeh Copper Mine had already removed concerns regarding the possibility of the domination of international companies over Iranian copper, as had been the case with Iran's oil. However, Niazmand also paid stringent attention to national interests as well as national dignities in the contract. For instance, he insisted that Anaconda's employees would be SCMCK's employees from the time of their entrance into Iran and they would be treated according to the Iran's law and regulations. Taqi Tavakoli, who was known as a technocrat committed to the national interests, was appointed as the second managing director. He also planned to decrease the company's reliance on outside resources in terms of skilled staff and experts. Therefore, the company launched a training programme for local technicians, with the aim of gradually replacing foreign experts. The capabilities of those technocrats played an important role in founding

a fairly developed copper industry in Iran in terms of imported technology, management, industrial relations and social welfare.

The nationalisation of Sarcheshmeh Copper Mine coincided with nationalisation of the copper industry in Chile in 1971, which cut off the control of the giant US copper mining company, Anaconda, over Chilean copper. This caused a critical crisis for Anaconda, while providing an opening for the Iranian copper industry to persuade them towards Sarcheshmeh Copper Mine, as it could partially revive Anaconda's loss. The negotiation succeeded and Anaconda stepped back from its long-term dominant position in the world copper industry and accepted appointment as the project consultant. Therefore, Anaconda's involvement, as one of the world's most significant copper mining companies, in founding the Iranian modern copper industry was shaped from Anaconda's crisis, the mega-scale of the Sarcheshmeh Copper Mine, Iran's fast-growing economy, and the good relationship between Iran and the US, which led to the design one of the largest copper complexes in the world, Sarcheshmeh Copper Complex.

### **Local Society and Workers**

This study identifies state ownership and nationalisation of the mine as the turning point in changes to the welfare policy and labour relations at the Sarcheshmeh Copper Mine project. The local mining entrepreneur's regressive approach towards the workforce demonstrated a lack of long-term vision about labour efficiency and labour force reproduction, which led to insufficient progress in transforming local peasants and landless villagers who had been

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raised in an agrarian order and natural rhythm into permanent industrial workers. The disregard of an effective social and welfare policy originated from continuing the old labour system of landlord-tenant, with diminutive resort to the rule of law on labour matters in private business. The presence of a world leading copper company, Selection Trust, enhanced labour conditions through an improved labour policy which paid more attention to health and safety and offered better accommodation and medical services, as it primarily aimed to detach the labourers from their local sources of income such as smallhold farming or working for prominent landlords. The Selection Trust policy succeeded until the state entered the project and nationalised the mine, which led to an improvement in welfare policy and labour relations, as was shown in chapter four. The changes had structural, political, and economic grounds, including:

- 1- Growing oil revenue which generated more space for the state to allocate a higher budget for the workers' welfare foundations in state-owned companies
- 2- The threat of the rise of a workers' movement which led the state to focus on a developed welfare policy in its owned companies, rather than requiring private business to conduct that
- 3- A workforce shortage which increased the structural power of workers and created a competitive labour market for the hiring of labour
- 4- Import substitution industrial policy: import-substitution laid the ground for specific industries including in the large new industries particularly oil, petrochemicals, steel, and industrial manufacturing to monopolise the domestic market with no strong competition and

enabled them to raise their financial performance. As a result, the strategy of import-substitution and state protectionism was less in consideration of a reduction in labour costs, as it led to companies offering an enhanced welfare policy to attract the most skilled workers in competition with the others industries during the 1960s and 1970s when Iran's rapid industrial growth increased the scarcity of skilled labour

1- The predicted high revenue of Sarcheshmeh Copper Mine

2- The presence of an American workforce at Sarcheshmeh which inspired the company to view its social policies and labour force in the light of the American's stance. It greatly influenced the design of social policy and the establishment of welfare foundations at Sarcheshmeh Copper Mine.

Despite the lack of workers' organisational power in Sarchehmshe Copper Mine which arose from the banning of labour unions at the time, the structural components, including labour shortage, increased the workers' structural power in their relationship with the state. They pursued their demands mostly by individual petitioning, and making fewer minor collective actions. Moreover, the active agency of locals and local workers obliged the company to expand its social responsibility in land ownership, relocation, concessions, and employment. In order to come to terms with possible local resistance, the company tried to avoid coercive attempts to relocate the locals when developing the mining site. It offered life-time pensions to the landowners as well as buying their land at a reasonable price. It also built a new village nearby to settle those people who preferred not to be too far away from their previous location. However, there were a

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few families who did not want to settle in this new village who continued their resistance. This did not last long and, ultimately, the company forcefully relocated them.

The company also constructed a modern town, Sarcheshmeh town, next to the mine with modern facilities and amenities. Despite deploying a class-division approach in designing the Sarcheshmeh town, its facilities as well as its upcoming developmental plans promised a more prosperous future to the workers. Educational services and a health care system, good housing and a sufficient living wage brought changes to the workers' lives. They also gradually digested the new industrial discipline which was strictly applied by the Anaconda team in the work environment. The new environment thereby transformed peasants and village labourers into industrial workers and aroused their awareness of class structures and interest in the formation of a working class.

Both types of working-class power, organisational power and structural power, influence the position of workers in their negotiation for labour conditions, but organisational power also ameliorates the workers' ability to regulate labour relations and labour rights. It can shape a balanced relationship between the employer or the state and the worker, as it promotes the interests of both parties in a liberated atmosphere. Workers can place their union demands through their organisation, leading to enhanced bargaining power. That could consequently improve the workers' organisational commitment which leads to growth in the employer's interests. Such improvements shape a sustainable class relationship, titled 'positive class compromise', in which the interests of both parties are relatively preserved. This is in

contradiction to a negative class compromise which is fashioned by avoidance of labour unions and a workers' council. Negative class compromise can also be influenced by either suppressing labour grievances or over-rewarding the workers without due attention to the generation of sufficient profits in the industrial unit. In either case, it causes an imbalanced power relation, leading to the formation of a fragile class relationship.

The rise of unrest leading to the revolution in 1979 instigated different reactions in social classes and stratifications. The growing wealth and economic development in the 1960s transformed the social structure and altered the way of life within social classes. This appeared profoundly in a new middle class and in a particular industrial working class. However, the developmental programme with regards to the working class had an uneven performance. This partly originated from the import-substitution policy which destined the industrial working class, particularly those who worked in large, heavy industries such as the petrochemical and oil industries and including Sarcheshmeh Copper Mine, to receive more reward from the improved conditions compared with workers in other sectors.

The political outcome of this revealed in the revolutionary turbulences of 1978 and 1979, as they had already caused inherent discontent or contentment among workers in divergent sectors. While the labouring poor were more ardently inclined to support the street politics, most of the industrial workers including Sarcheshmeh Copper Mine workers were less keen to follow political demands at an early stage. Mostly they stayed with their union demands until the ending phases of the revolution. The political environment had also

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received a different reaction in places like Sarcheshmeh Copper Mine where the workers were principally inclined to back the state, and sometimes countered the revolutionaries who were generally office staff, technicians, and engineers. The workers' effort to preserve their prevailing conditions originated from their poor economic backgrounds as well as the paternalist welfare policy of the company, which had boosted the living standard of most locals and workers and had transformed the workers' way of life, which used to be defined as a deprived agrarian society. The new narrative then shaped a working class who intended to preserve their current conditions. In fact, it was the formative moment in transforming class struggle into negative class compromise, as the workers without organisational power were inclined to display their opposition to the revolutionaries. With reference to the statement of one retired employee, "the 1979 Revolution was not a working-class revolution in Sarchehsmeh Copper Mine, but it was a revolution of employees such as office staff, technicians and engineers".

## Appendix 1

**Table 1: Currency Rate US\$1 to rial**

|                  | <b>1947</b> | <b>1948</b> | <b>1949</b> | <b>1950</b> | <b>1951</b> | <b>1952</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>January</b>   | 53.000      | 61.500      | 72.000      | 58.500      | 52.000      | 64.000      |
| <b>February</b>  | 54.000      | 57.500      | 78.000      | 61.000      | 54.000      | 67.000      |
| <b>March</b>     | 56.000      | 63.750      | 71.250      | 58.500      | 53.250      | 76.000      |
| <b>April</b>     | 56.500      | 62.250      | 65.000      | 59.250      | 54.750      | 91.000      |
| <b>May</b>       | 58.500      | 67.500      | 58.500      | 58.250      | 56.500      | 80.000      |
| <b>June</b>      | 54.500      | 66.750      | 54.000      | 59.000      | 57,500      | 82.000      |
| <b>July</b>      | 62.500      | 67.250      | 53.000      | 59.000      | 58.250      | 85.000      |
| <b>August</b>    | 65.000      | 68.500      | 52.000      | 58.500      | 56.000      | 78.000      |
| <b>September</b> | 75.000      | 72.500      | 56.500      | 52.000      | 61.000      | 80.000      |
| <b>October</b>   | 76.000      | 66.500      | 58.500      | 51.500      | 62.250      | 87.000      |
| <b>November</b>  | 69.000      | 72.500      | 59.000      | 51.000      | 65.500      | 83.000      |
| <b>December</b>  | 68.500      | 76.000      | 57.500      | 54.500      | 66.500      | 86.000      |

## Appendix 1

|                  | <b>1953</b> | <b>1954</b> | <b>1955</b> | <b>1956</b> | <b>1957</b> | <b>1958</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>January</b>   | 88.000      | 92.000      | 84.000      | 78.000      | 81.750      | 79.500      |
| <b>February</b>  | 83.000      | 87.750      | 78.500      | 79.000      | 81.500      | 79.000      |
| <b>March</b>     | 86.000      | 85.000      | 81.000      | 80.500      | 80.750      | 80.000      |
| <b>April</b>     | 88.500      | 90.500      | 80.500      | 80.000      | 80.000      | 80.150      |
| <b>May</b>       | 94.000      | 89.900      | 80.000      | 79.000      | 79.500      | 80.150      |
| <b>June</b>      | 125.000     | 90.000      | 78.50       | 80.500      | 80.250      | 80.000      |
| <b>July</b>      | 110.000     | 90.500      | 80.250      | 82.000      | 80.000      | 78.000      |
| <b>August</b>    | 95.000      | 84.000      | 80.500      | 80.000      | 80.250      | 77.000      |
| <b>September</b> | 94.000      | 86.000      | 81.000      | 81.500      | 80.500      | 77.000      |
| <b>October</b>   | 95.000      | 85.000      | 82.000      | 81.000      | 80.250      | 76.750      |
| <b>November</b>  | 98.000      | 87.000      | 79.000      | 81.250      | 80.000      | 76.500      |
| <b>December</b>  | 96.500      | 85.000      | 78.750      | 80.500      | 79.750      | 76.500      |

|                  | <b>1959</b> | <b>1960</b> | <b>1961</b> | <b>1962</b> | <b>1963</b> | <b>1964</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>January</b>   | 76.750      | 76.000      | 87.000      | 94.500      | 93.000      | 89.000      |
| <b>February</b>  | 76.750      | 76.000      | 88.500      | 96.000      | 92.500      | 86.000      |
| <b>March</b>     | 76.500      | 75.750      | 83.000      | 98.000      | 92.000      | 85.000      |
| <b>April</b>     | 76.500      | 75.600      | 83.500      | 89.000      | 91.000      | 83.500      |
| <b>May</b>       | 76.350      | 75.750      | 83.000      | 88.000      | 92.000      | 82.000      |
| <b>June</b>      | 76.350      | 76.000      | 85.500      | 89.000      | 95.000      | 81.000      |
| <b>July</b>      | 76.250      | 77.000      | 86.250      | 91.000      | 93.000      | 80.000      |
| <b>August</b>    | 76.250      | 86.500      | 87.000      | 89.000      | 92.500      | 79.000      |
| <b>September</b> | 76.250      | 86.500      | 87.000      | 89.000      | 92.500      | 79.000      |
| <b>October</b>   | 76.750      | 85.500      | 88.750      | 92.000      | 90.000      | 78.500      |
| <b>November</b>  | 76.500      | 86.000      | 89.250      | 93.000      | 88.500      | 80.000      |
| <b>December</b>  | 76.000      | 86.000      | 90.500      | 91.500      | 87.000      | 82.500      |

## Appendix 1

|                  | <b>1965</b> | <b>1966</b> | <b>1967</b> | <b>1968</b> | <b>1969</b> | <b>1970</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>January</b>   | 81.250      | 80.650      | 77.000      | 75.450      | 77.000      | 80.000      |
| <b>February</b>  | 80.750      | 80.300      | 76.500      | 76.000      | 77.000      | 79.700      |
| <b>March</b>     | 81.000      | 80.000      | 77.000      | 75.500      | 76.650      | 79.350      |
| <b>April</b>     | 80.500      | 80.500      | 76.900      | 76.480      | 76.350      | 79.500      |
| <b>May</b>       | 80.000      | 80.250      | 76.950      | 77.000      | 76.650      | 79.350      |
| <b>June</b>      | 81.000      | 80.150      | 77.000      | 76.650      | 76.950      | 77.800      |
| <b>July</b>      | 81,500      | 78.000      | 76.500      | 76.650      | 77.050      | 77.700      |
| <b>August</b>    | 80.650      | 77.000      | 76.000      | 76.250      | 78.000      | 77.000      |
| <b>September</b> | 80.750      | 77.000      | 75.950      | 76.100      | 78.500      | 79.400      |
| <b>October</b>   | 80.650      | 77.500      | 75.900      | 76.150      | 79.700      | 80.600      |
| <b>November</b>  | 80.700      | 77.500      | 77.500      | 77.360      | 79.700      | 79.350      |
| <b>December</b>  | 80.750      | 77.500      | 76.250      | 77.370      | 79.700      | 80.000      |

|                  | <b>1971</b> | <b>1972</b> | <b>1973</b> | <b>1974</b> | <b>1975</b> | <b>1976</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>January</b>   | 80.000      | 78.900      | 79.000      | 68.700      | 68.300      | 70.400      |
| <b>February</b>  | 79.350      | 77.100      | 74.000      | 68.900      | 66.150      | 71.100      |
| <b>March</b>     | 79.350      | 76.900      | 69.550      | 67.950      | 65.650      | 69.450      |
| <b>April</b>     | 79.350      | 77.000      | 69.500      | 68.400      | 66.800      | 70.400      |
| <b>May</b>       | 79.200      | 76.900      | 68.000      | 68.550      | 66.750      | 70.850      |
| <b>June</b>      | 78.750      | 77.500      | 67.650      | 68.150      | 66.600      | 71.700      |
| <b>July</b>      | 78.750      | 77.350      | 68.150      | 67.800      | 67.400      | 72.000      |
| <b>August</b>    | 77.750      | 77.200      | 71.700      | 68.200      | 68.000      | 72.500      |
| <b>September</b> | 78.450      | 77.350      | 69.700      | 68.250      | 68.750      | 74.000      |
| <b>October</b>   | 79.800      | 77.350      | 71.500      | 69.050      | 69.500      | 74.350      |
| <b>November</b>  | 79.700      | 77.200      | 73.350      | 68.200      | 69.600      | 73.750      |
| <b>December</b>  | 79,700      | 77,250      | 73.500      | 68.100      | 69.600      | 74.750      |

## Appendix 1

|                  | <b>1977</b> | <b>1978</b> | <b>1979</b> | <b>1980</b> | <b>1981</b> | <b>1982</b> |
|------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>January</b>   | 75.250      | 73.700      | 98.000      | 160.000     | 215.000     | 450.000     |
| <b>February</b>  | 76.000      | 71.050      | 112.000     | 184.000     | 230.000     | 450.000     |
| <b>March</b>     | 75.000      | 71.700      | 98.500      | 179.000     | 225.000     | 475.000     |
| <b>April</b>     | 75.650      | 73.650      | 96.000      | 140.000     | 220.000     | 500.000     |
| <b>May</b>       | 76.500      | 79,250      | 115.000     | 135.000     | 245.000     | 500.000     |
| <b>June</b>      | 74.200      | 73.000      | 121.000     | 217.000     | 300.000     | 500.000     |
| <b>July</b>      | 74.700      | 76.000      | 132.000     | 213.000     | 300.000     | 500.000     |
| <b>August</b>    | 74.150      | 77.500      | 132.000     | 220.000     | 350.000     | 400.000     |
| <b>September</b> | 72.000      | 77.750      | 130.000     | 250.000     | 350.000     | 400.000     |
| <b>October</b>   | 74.650      | 78.000      | 165.000     | 255.000     | 400.000     | 450.000     |
| <b>November</b>  | 73.150      | 87.500      | 170.000     | 265.000     | 400.000     | 400.000     |
| <b>December</b>  | 73.800      | 84.000      | 165.000     | 191.000     | 400.000     | 400.000     |

Source: Mohsen Bahmani-Oskooee, History of Rial and Foreign Exchange Policy in Iran, *Iranian Economic Review*, 10(14): Fall 2005, 16-18.

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## **Samenwatting**

### **De overheid, de ondernemer en de werknemers bij de oprichting van de Iraanse kopermijnbouwsector: De kopermijn van Sarcheshmeh (1966-1979)**

Dit proefschrift is het eerste wetenschappelijke werk over de geschiedenis van de mijnbouw in Iran. Het is vooral gericht op het ontstaan van de Iraanse kopermijnbouwsector en de bouw van de kopermijn van Sarcheshmeh bij de op een na grootste koperertsafzetting ter wereld. Het gaat over de exploratie en bouw van de mijn in de periode vanaf 1966 tot 1979, toen de mijn in bedrijf werd genomen.

In dit onderzoek is afstand genomen van de dominante onderzoeksliteratuur over industriële en mijnbouwontwikkeling, en wordt de aandacht verlegd naar de complexiteit van de ontwikkelingsprocessen. Op deze manier kunnen de hoofdrolspelers worden aangewezen en kunnen hun onderlinge relaties binnen de vorming van de kopersector in Iran worden onderzocht. Het onderzoek belicht de betrokkenheid van sterke krachten zoals de overheid, waaronder de sjah, technocraten en overheidsinstellingen; het bedrijfsleven, waaronder lokale mijnbouwondernemers en internationale bedrijven; en de plaatselijke samenleving en werknemers. Daarbij wordt gekeken naar hun rol in een bepaalde politieke en economische structuur.

In dit proefschrift worden derhalve de volgende drie onderwerpen behandeld:

## Samenvatting

1- De rol van de overheid – te weten technocraten en relevante instellingen – bij de oprichting van de kopermijnbouwsector in Iran.

2-De werkwijze van het bedrijfsleven, met inbegrip van de relaties van lokale mijnbouwondernemers en internationale bedrijven met werknemers en de overheid.

3- Het effect van het arbeidsbeleid op de werknemers en hun reacties in verschillende stadia.

### **Theoretische benadering**

In het algemeen is het theoretisch kader gebaseerd op het idee van een ontwikkelingsstaat en de relaties die deze heeft met het bedrijfsleven en de werknemers. Vanuit het kader van de ontwikkelingsstaat worden de verschillende krachten die bijdragen tot de verworvenheden van de ontwikkeling in kaart gebracht. Het model van Chalmers Johnson wordt in dit onderzoek toegepast op de structuur van een ontwikkelingsstaat, die berust op vier belangrijke pijlers. Ten eerste een bekwame groep technocraten en een elite-bureaucratie van de overheid om de industriële en economische perspectieven te bepalen en ook om de meest relevante middelen te kiezen om de doelen te bereiken; ten tweede het oprichten van efficiënte pilot-organisaties; ten derde uitstekende marktmatchingsmethoden van interventionisme; en ten vierde een stabiel politiek systeem dat de grondslag vormt voor de duurzame en efficiënte toepassing van de andere elementen.

Het idee van de ontwikkelingsstaat legt ook de nadruk op sociale fenomenen om zowel de specifieke sociale omgeving als de institutionele structuur te reproduceren. Dit wijst op het belang van

sociaal beleid voor de opbouw van de structuur van een ontwikkelingsstaat. In dit verband is in het onderzoek gekeken naar paternalisme, dat de dominante vorm van sociaal beleid was in de kopermijn van Sarcheshmeh vanaf het moment dat de overheid betrokken raakte bij het management. Dit top-downbeleid vormde de inspiratiebron voor de relatie tussen het staatsbedrijf SCMCK en de werknemers, voor wie een sociaal en welzijnsbeleid was ontwikkeld. Dat was echter niet de enige bepalende factor in deze relatie. In het onderzoek wordt ook besproken welke rol het idee van Erick Olin Wright over de bronnen van arbeidersmacht speelt bij de vorming van de relatie tussen werknemers en het bedrijf. Hierbij gaat het vooral om structurele macht en associatieve macht. De eerste vorm van macht berust op de status van de werknemers op een krappe arbeidsmarkt en op hun plaats binnen een industriële sector en de laatste vertegenwoordigt de institutionele macht van de werknemers via vakbonden en ondernemingsraden.

Verder wordt Erick Olin Wrights idee van een negatief en positief klassencompromis in dit onderzoek toegepast om de reacties van de werknemers op de politieke omgeving in de maanden voorafgaand aan de revolutie van 1979 in een kader te plaatsen. Tegelijkertijd wordt Katznelsons opvatting over arbeidersklassevorming als een gelaagd proces met vier verschillende niveaus gebruikt om de structuur van de arbeidersklassevorming bij de kopermijn van Sarcheshmeh zichtbaar te maken. De vier niveaus zijn: structuur, levensstijlen, disposities en collectieve actie.

### **Methodologie en bronnen**

Voor dit historisch onderzoek zijn primaire en secundaire bronnen gebruikt, waaronder mondeling en schriftelijk materiaal. Er was zeer weinig primair archiefmateriaal over de kopermijn van Sarcheshmeh en daarom zijn ter aanvulling semigestructureerde interviews gehouden met verschillende mensen. Hieronder waren leden van de plaatselijke bevolking en gepensioneerde werknemers, van wie sommigen nog steeds in bergdorpen in de buurt van de kopermijn van Sarcheshmeh wonen. Er zijn ook interviews gehouden met voormalige leidinggevendenden die nu in verschillende delen van de wereld wonen. Dit waren onder andere twee oud-directeuren van het bedrijf en een voormalig plaatsvervangend directeur van het bedrijf.

Er is onderzoek gedaan in verschillende zowel particuliere als openbare archieven in Iran en het Verenigd Koninkrijk. Op deze manier konden de mondelinge uitspraken worden gecheckt in solide documenten, die gewoonlijk worden beschermd tegen aantasting door de tand des tijds en aanraking. De documenten zijn echter grotendeels officieel, en daardoor zou er een vertekend beeld kunnen ontstaan. Dankzij de mondelinge bronnen is deze valkuil vermeden.

### **Bevindingen en bijdragen**

De bevindingen in dit proefschrift leveren een belangrijke bijdrage aan de geschiedschrijving over de kopermijnbouwsector in Iran, de economische geschiedschrijving over het Pahlavi-tijdperk, de wereldwijde geschiedschrijving over koper en de lokale geschiedschrijving over de Iraanse revolutie van 1979.

## **De overheid en de geschiedenis van de kopermijnbouw**

Gezien het feit dat er nog helemaal geen wetenschappelijk onderzoek gedaan is naar de geschiedenis van de kopermijnbouw in Iran, levert dit proefschrift een unieke bijdrage aan het historisch mijnbouwonderzoek in Iran. Het gaat in op de ontstaansgeschiedenis van de Iraanse kopersector, met aandacht voor de rol van de hoofdrolspelers en belangrijke instanties binnen de sociale en economische omgeving. In tegenstelling tot de gebruikelijke benadering wordt betoogd dat een programma niet de belangrijkste component is in het industrialiseringsproces; dit proces vereist een goede structuur en invloedrijke actoren. Vanuit deze gedachte is onderzocht welke rol de sjah, technocraten, overheidsinstellingen, plaatselijke ondernemers en internationale bedrijven hebben gespeeld bij de bouw van de kopermijn van Sarcheshmeh.

Het onderzoek gaat terug tot het bewind van Reza Shah (1925-1941), wiens moderniseringsproject de basis legde voor de moderne economie en industrie in Iran. De mijnbouwstrategie voldeed echter niet volledig aan de doelstellingen, omdat de lokale bourgeoisie ondanks het stimuleringsbeleid van de overheid afzag van deelname aan mijnbouwactiviteiten. Dat gebrek aan belangstelling voor de ontwikkeling van de mijnbouw lag aan structurele problemen zoals watertekort, ongeschikte wegen en transportmiddelen en politieke instabiliteit. Bovendien was de Iraanse bourgeoisie niet sterk genoeg om actief te worden in de grootschalige en zeer kapitaalintensieve mijnbouw. Als gevolg daarvan domineerde interventionisme de ontwikkeling van de mijnbouw in Iran.

In dit onderzoek wordt aangetoond dat het interventionisme effectief was. De overheid benadrukte het belang van haar investeringen in de mijnbouw in de jaren zestig en zeventig van de vorige eeuw. Ook de investeringen in de kopermijn van Sarcheshmeh werden aangemerkt als een van de industriële wapenfeiten van het Pahlavi-tijdperk. De belangrijke rol van technocraten bij de bouw van de kopermijn van Sarcheshmeh blijkt uit hun directe deelname aan het project en uit hun indirecte bijdrage zoals de oprichting van instituten, in het bijzonder de Industrial Development & Renovation Organisation of Iran (IDRO) en begrotings- en planbureau de Budget and Plan Organisation. Beide hebben een grote invloed gehad op de industrialisatie en sociale ontwikkeling.

De Budget and Plan Organisation was een planbureau van de overheid met een redelijke mate van autonomie binnen de sociale groepen. Het heeft vijf ontwikkelingsplannen gepresenteerd en gecoördineerd en werd een van de toonaangevende instituten voor industriële en mijnbouwexpansie en ook voor sociale ontwikkeling. Mede dankzij een relatief autonome organisatiestructuur, waardoor de ontwikkelingsprogramma's gebaseerd waren op het nationaal belang, en de hoogopgeleide medewerkers en deskundigen die merendeels afgestudeerd waren aan gerenommeerde universiteiten in Europa en Noord-Amerika, kon dit bureau zo'n constructieve bijdrage leveren.

### **Relaties tussen overheid en bedrijf**

Dit proefschrift beschrijft de structuur van de relatie tussen bedrijf en overheid tijdens de oprichting van de kopermijn van Sarcheshmeh op drie verschillende momenten:

1- De KMC<sup>553</sup> van 1966-1967: het begin van de aanvankelijke exploratie door de gebroeders Rezai, plaatselijke mijnbouwondernemers.

2- KCI<sup>554</sup> van 1967-1971: de enorme omvang van het project ging de krachten van de gebroeders Rezai te boven. Om de exploratie voort te zetten richtten zij daarom KCI op in samenwerking met het Britse Selection Trust.

3- De SCMCK<sup>555</sup> van 1972-1979: de mijn werd genationaliseerd en bestuurd door een staatsbedrijf, de SCMCK. Anaconda, een groot Amerikaans mijnbouwconcern, werd adviseur en Parsons Jurdan werd de aannemer voor de ontwikkeling van het kopercomplex van Sarcheshmeh.

In dit proefschrift wordt betoogd dat, in tegenstelling tot wat sommigen beweren, de nationalisering van de Iraanse industrie niet in verband gebracht kan worden met het autoritaire politieke systeem in het Pahlavi-tijdperk dat elementen bevatte van een geleide economie. Uit deze casestudy blijkt dat er bewondering was voor particulier eigendom en er op een eerlijke manier rekening mee werd gehouden: de nationalisatie van de kopermijn van Sarcheshmeh werd doorgevoerd met een rechtsgeldige procedure die voortvloeide uit het Iraanse industriebeleid waarin strategische industrieën en goederen onder staatsgezag moesten vallen.

In het onderzoek wordt aangetoond dat mijnbouwondernemers, waaronder de gebroeders Rezai, nog steeds te kampen hadden met een langdurige structurele zwakte die hen verhinderde om zelfstandig

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<sup>553</sup> Kerman Mining Corporation

<sup>554</sup> Kerman Copper Industries

<sup>555</sup> Sarcheshmeh Copper Mines Corporation of Kerman

een grootschalige mijnbouwonderneming als de kopermijn van Sarcheshmeh te runnen. De gebroeders Rezai hadden een handelsachtergrond en behoorden tot de belangrijkste Iraanse mijnbouwers. Ze profiteerden samen met een groep ondernemers van een industrieel stimuleringsbeleid en specifieke sociale en economische omstandigheden tijdens het Pahlavi-tijdperk. Dankzij de stijgende olie-inkomsten kon de overheid in de jaren zestig en zeventig van de vorige eeuw voldoende middelen toewijzen aan de particuliere sector voor de ontwikkeling van het bedrijfsleven. De hoge inflatie zorgde ook voor enorme winsten uit de handel in grond, wat leidde tot kapitaalopbouw bij de grote vastgoedbezitters. Bovendien leidde het industriebeleid dat gebaseerd was op importsubstitutie tot directe en indirecte ondersteuning van sommige binnenlandse industrieën door het aanbieden van leningen tegen een lage rente. Dit stimuleerde de Iraanse koopliedenbourgeoisie en de grootgrondbezitters om hun activiteiten te verleggen naar mijnbouw en industrie.

De deelname van Selection Trust versnelde de ontwikkeling van de mijn, maar de sjah en sommige van zijn technocraten kenden de strategie van internationale bedrijven om in ontwikkelingslanden voorbij te gaan aan de belangen van het gastland. Zo stelde Selection Trust voor om de kopermijn van Sarcheshmeh te bouwen zonder verwerkingseenheden, om de hoge investeringen die daarvoor nodig waren te vermijden. Het idee was om ruwe erts over te brengen naar een kopercomplex buiten het land voor extra verwerking. Iran verwierp dit idee, omdat de sjah en zijn technocraten zich bewust waren van de afhankelijkheidsstructuur in internationale relaties.

De overheid weigerde ook het project te steunen door zich erbij aan te sluiten of door financiële middelen ter beschikking te stellen. Het Iraanse industriebeleid verbood de betrokkenheid van de particuliere sector bij strategische industrieën en grondstoffen en de nationalisatie van de kopermijn van Sarcheshmeh voorkwam dat internationale bedrijven de Iraanse kopersector konden gaan domineren, zoals was gebeurd bij de Iraanse olie-industrie. Uiteindelijk werd de mijn overgedragen aan de staat en genationaliseerd in een overeenkomst tussen de staat en KCI, waarbij de particuliere sector werd bevoordeeld met stimuleringsmaatregelen voor actieve ondernemers zoals de gebroeders Rezai.

De cruciale bijdrage van technocraten blijkt uit het feit dat de sjah Reza Niazmand benoemde tot directeur van de SCMCK. Hij was een goed gekwalificeerde technocraat die het nationale belang wilde dienen. Zijn opvolger, Taqi Tavakoli, had dezelfde kwaliteiten. Beiden streefden ernaar om de Iraanse kopersector vorm te geven op basis van het nationaal belang.

Dit onderzoek levert ook een bijdrage aan het lokale verhaal van de ondergang van een van de grootste kopermijnbouwbedrijven ter wereld: Anaconda. Het proefschrift beschrijft hoe Anaconda het onderspit moest delven in de confrontatie met de Iraanse staat, terwijl de mijnbouwgi-gant decennialang gewend was geweest aan het langste eind te trekken in onderhandelingen met ontwikkelingslanden.

### **Sociale geschiedenis: Bedrijf, lokale bevolking en werknemers**

De werknemers van de kopermijn van Sarcheshmeh waren merendeels lokale boeren en dorpsbewoners zonder grond die waren opgegroeid in een agrarische samenleving met een natuurlijk ritme en die geen ervaring hadden met industriële discipline. Het bedrijf moest een arbeidsbeleid en managementmethode inzetten om de landarbeider om te vormen tot een permanente arbeider in de industrie. Uit het onderzoek blijkt dat de lokale ondernemers weinig oog hadden voor de reproductie van arbeid, wat mede te wijten was aan het oude systeem van landeigenaren en pachters. Het welzijnsbeleid voor de werknemers had ook geen prioriteit. Ondernemers leefden de arbeidswetgeving niet altijd volledig na; er zijn aanwijzingen dat zij misbruik maakten van het feit dat werknemers zich niet bewust waren van hun rechten. Dit lag deels aan de dominante cultuur van landeigenaren en pachters die heerste onder lokale ondernemers en deels aan het ontbreken van een rechtsorde. Dat heeft geleid tot een verslechterend arbeidsbeleid in de particuliere sector.

De nationalisatie was een breekpunt in de sociale geschiedenis van de bouw van de kopermijn van Sarcheshmeh. Het betekende vooral een verbetering van het welzijnsbeleid. Dit bevorderde de reproductie van arbeidskrachten, omdat het de arbeiders ontkoppelde van hun lokale bronnen van inkomsten, zoals de kleinschalige landbouw of het werken voor prominente landeigenaren.

De actieve lokale bevolking dwong het bedrijf om zijn sociale verantwoordelijkheid uit te breiden op het gebied van grondbezit, verhuizing, concessie en werkgelegenheid. Het bedrijf bood de

grondbezitters levenslange pensioenen aan en kocht hun grond tegen een redelijke prijs. Het bouwde ook een nieuw stadje in de buurt van de mijn om de bevolking te huisvesten. Sommige huishoudens verhuisden naar deze nieuwe stad, maar een klein aantal verzette zich ertegen. Dit verzet was echter van korte duur, omdat het bedrijf krachtiger was. Omdat het gebied een lage bevolkingsdichtheid had, stuitte de verhuizing op weinig weerstand.

Uit dit onderzoek blijkt dat het verbod op vakbonden en de beperkte organisatorische macht van de werknemers, het structurele tekort aan arbeidskrachten, de aanzienlijke olie-inkomsten, de verwachte hoge inkomsten van het bedrijf, de opkomst van socialistische bewegingen in het zuiden van de wereld en de aanwezigheid van Amerikaanse arbeidskrachten tot gevolg hadden dat Niazmand een paternalistisch welzijnsbeleid voerde. Daarmee beoogde hij een sociaal vooruitstrevend mijnbouwcomplex op te zetten dat hooggekwalificeerde binnenlandse en buitenlandse arbeidskrachten kon aantrekken om zich te vestigen in het afgelegen gebied van de kopermijn van Sarcheshmeh.

Het bedrijf bouwde een modern stadje naast de mijn met moderne faciliteiten en voorzieningen zoals een bioscoop, een bar, restaurants, supermarkten, een golfclub, een sportcomplex, een ziekenhuis en scholen. In Sarcheshmeh-stad werden ongeveer 10.000 werknemers van het bedrijf en hun gezinnen gehuisvest. Ondanks het feit dat er bij het ontwerp van Sarcheshmeh-stad rekening was gehouden met klassenverschillen, beloofden de faciliteiten en de ontwikkelingsplannen een welvarender toekomst voor de werknemers. Onderwijs en gezondheidszorg, goede huisvesting en

voldoende inkomen zorgden voor veranderingen in het leven van de werknemers. De strenge industriële discipline en de nieuwe leef- en werkomstandigheden veranderden boeren en dorpsarbeiders in industriële arbeiders, waardoor ze zich bewust werden van klassenstructuren en klassenbelangen.

Het ontwikkelingsprogramma functioneerde echter niet goed, zodat de samenleving werd geconfronteerd met een ongelijke ontwikkeling die leidde tot een onevenwichtige verdeling van welvaart over de verschillende sociale lagen van de bevolking. Zo profiteerde de industriële arbeidersklasse en vooral de groep die in de zware industrie en de petrochemische en olie-industrie werkte, meer van de verbeterde omstandigheden dan werknemers in andere sectoren. Dit was met name het gevolg van de industriële ontwikkelingsstrategie van Iran, de importsubstitutie, die sterke externe concurrenten van de binnenlandse markt uitsloot ten gunste van lokale producenten. Daardoor werden enorme opbrengsten gegenereerd voor die specifieke sectoren en ondernemingen, en konden die betere lonen en een beter welzijnsbeleid bieden om gekwalificeerde werknemers in dienst te nemen op de krappe Iraanse arbeidsmarkt van dat moment.

De politieke gevolgen hiervan kwamen tot uiting in de revolutionaire onrust van 1978 en 1979, waarbij de werknemers in verschillende sectoren verschillend reageerden op basis van hun ontevredenheid of tevredenheid. Het goed ontwikkelde sociale welzijnsbeleid in de kopermijn van Sarcheshmeh bepaalde de reactie van de werknemers op het politieke klimaat. Ze steunden de overheid en verzetten zich soms tegen de groep revolutionairen, die vooral bestond uit kantoorpersoneel, technici en ingenieurs. De vastbeslotenheid van de

werknemers om hun huidige omstandigheden te willen behouden kwam voort uit hun arme economische achtergrond en uit het paternalistische welzijnsbeleid van het bedrijf. Dat had de levensstandaard van de meeste plaatselijke bewoners en werknemers verhoogd en had hun levenswijze radicaal veranderd ten opzichte van hoe zij vroeger leefden in een achtergestelde agrarische samenleving. Het was feitelijk het formatieve moment waarop de klassenstrijd werd omgevormd tot een negatief klassencompromis, omdat de werknemers zonder organisatorische macht, onderdrukt door de staat, geneigd waren om hun verzet tegen de revolutionairen te tonen.



## Curriculum Vitae

Abdolreza Alamdar Baghini was born in 1975 in Kerman, Iran. He received his first degree in computer sciences in Tehran. He then changed his field of study to sociology and graduated with High Honours from the Department of Sociology at Tehran University. He contributed to four large-scale social research projects in Tehran. Thereafter, he was awarded two MA degrees, in sociology and in cultural memory, from Warwick University and School of Advanced Studies, University of London, respectively. He has been affiliated with the Iranian Studies Centre at SOAS from 2015 until now. Abdolreza has recently been invited to contribute a book chapter for publication in an edited volume, *A Global History of Copper*. The *Encyclopaedia of Iranica* has also invited him to write the entry for Sarcheshmeh Copper Mine. He starts teaching at the University of Kerman from January 2020.